

# KRANESHARES ICAV

## KraneShares Electric Vehicles & Future Mobility Screened UCITS ETF

11 June 2025

(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 Electric Vehicles & Future Mobility Screened UCITS ETF Fund (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.

<b>Base Currency</b>	US Dollars
<b>Business Day</b>	a day on which commercial banks are open and settle payments in the UK and US, including days on which such commercial banks are open only half a day.
<b>Dealing Deadline</b>	For cash subscriptions and redemptions, 5pm (Irish time) on the Business Day immediately prior to each Dealing Day.
<b>Index</b>	Bloomberg Electric Vehicles Screened Index (Total Return version (BBEVEST))
<b>Index Provider</b>	Bloomberg
<b>Listing Stock Exchange</b>	Euronext Dublin, London Stock Exchange, Borsa Italiana and Euronext Amsterdam
<b>Minimum Subscription Amount</b>	50,000 Shares (for in-kind subscriptions) or cash equivalent (for cash subscriptions)
<b>Offer Period</b>	9am on 12 June 2025 to 5pm on 11 December 2025 or such earlier or later date as the Directors may determine.
<b>Settlement Deadline</b>	Appropriate cleared subscription monies must be received by the Second Business Day following the Dealing Day, or such later date as may be determined by the ICAV and notified to prospective investors from time to time.
<b>Valuation</b>	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.
<b>Valuation Point</b>	Close of business on the New York Stock Exchange on each Dealing 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:

<b>Class</b>	<b>Initial Offer Price</b>	<b>TER</b>
Class USD	N/A	0.72%
Class EUR	EUR 25	0.72%
Class GBP	GBP 25	0.72%

## 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 companies that are engaged in or expected to derive significant revenues from the production of electric vehicles or their components or in other initiatives that may change the future of mobility ("**Electric Vehicle 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.

The Index aims to represent the performance of Electric Vehicle Companies. In order to be eligible for the Index, a security must:

- be a constituent of the Bloomberg World Equity Aggregate Index (the "**Base Index**");
- belong to the vehicles, electric vehicle components, batteries, hydrogen fuel cells, or raw materials sectors of the Base Index, as determined by the Index Provider;
- have a minimum free float market capitalisation of US\$500 million; and
- have a 90-calendar day average daily traded value of US\$5 million.

The Index also screens out companies involved in environmental, social and governance ("**ESG**") controversies and controversial business activities. Data for ESG controversies is sourced by the Index Provider from Sustainalytics, an ESG data provider. The thresholds for exclusion within each category have been determined by the Index Provider and are summarised in the table below.

Controversial Categories	Criteria
<b>Highest Controversy Level</b>	The controversy has a severe impact on the environment and/or society or poses serious business risks to the company. This category typically represents exceptional egregious corporate behavior, high frequency of recurrence of incidents, very poor management of ESG risks, and a demonstrated lack of willingness by the company to address such risks.
<b>Environmental Objectives</b>	Companies that have been identified as either high or severe violators of the following controversies as they pertain to the environment: <ul style="list-style-type: none"><li>• Community relations;</li><li>• Land use and biodiversity;</li><li>• Emissions, effluents and waste;</li><li>• Energy use and GHG emission;</li><li>• Environmental impact of products;</li></ul>

	<ul style="list-style-type: none"> <li>• Lobbying and public policy;</li> <li>• Water use; and</li> <li>• Carbon impact of products.</li> </ul>
<b>Societal Norms</b>	<p>Companies that have been identified as either high or severe violators of the following societal norms:</p> <ul style="list-style-type: none"> <li>• Access to basic services;</li> <li>• Accounting and taxation;</li> <li>• Animal welfare;</li> <li>• Anti-competitive practices;</li> <li>• Bribery and corruption;</li> <li>• Business ethics;</li> <li>• Community relations;</li> <li>• Corporate governance;</li> <li>• Occupational health and safety;</li> <li>• Intellectual property;</li> <li>• Labour relations;</li> <li>• Lobbying and public policy;</li> <li>• Marketing practices;</li> <li>• Media ethics;</li> <li>• Data privacy and security;</li> <li>• Quality and safety;</li> <li>• Resilience;</li> <li>• Sanctions;</li> <li>• Social impact of products;</li> <li>• Weapons; and</li> <li>• Employees – human rights.</li> </ul>
<b>Controversial Weapons</b>	<p>Companies classified as involved in the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.</p> <p>Companies with involvement level in the following weapons categories:</p> <ul style="list-style-type: none"> <li>• Anti-personnel mines;</li> <li>• Biological and chemical weapons;</li> <li>• Cluster weapons;</li> <li>• Depleted uranium;</li> <li>• Nuclear weapons; and</li> <li>• White phosphorus.</li> </ul>
<b>Global Compact Compliance Status</b>	Companies that are violating the United Nations (UN) Global Compact Principles.
<b>Small Arms</b>	<p>Companies that derive 5% or more revenue from:</p> <p>Manufacture and sale of assault weapons to civilians</p>

	<p>Distribution and retail sale of assault weapons</p> <p>Manufacture and sale of key components of small arms</p>
<b>Tobacco</b>	<p>5% or more revenue from production of tobacco or tobacco-related products/services.</p> <p>10% or more revenue from distribution and/or retail sale of tobacco products.</p> <p>Companies with involvement in the production of tobacco.</p>
<b>Coal</b>	<p>Companies that derive 1% or more revenue from thermal coal extraction or thermal coal supporting products and services.</p>
<b>Oil &amp; gas</b>	<p>Companies that derive 10% or more revenue from exploration, production, refining, transportation and/or storage of oil or supporting products and services.</p> <p>Companies that derive 50% or more revenue from exploration, production, refining, transportation and/or storage of gas or supporting products and services.</p> <p>Companies that derive 10% or more revenue from exploration of oil and gas in the Arctic region, shale energy exploration or production, or oil sands extraction.</p>
<b>Electricity</b>	<p>Companies that derive 50% or more revenue from electricity which is generated from thermal coal, oil, or gas.</p>

To determine eligibility for inclusion in the Index, the Index Provider uses a multistep process that (1) proposes companies and key words which it considers to be associated with the controversies and controversial business activities identified above; (2) searches filings of actively traded public companies within the Base Index for occurrences of the key words identified to affirm proposed companies and identify other companies within the Base Index that meet the criteria for inclusion in the Index; and (3) back-tests to see how closely the identified companies trade together as a group. Finally, the Index Provider reviews the results to determine the final composition of the Index.

The Index is a modified market capitalisation weighted index. The initial weight of each component security is determined by dividing the free float market capitalisation of each security by the sum of the free float market capitalisations of all the securities in the Index. Using a two-step capping process, the initial weights are distributed such that the top 8 securities by free float market capitalisation are subject to a 5% cap. Securities after the top 8 by free float market capitalisation are subject to a 2.5% cap. Any excess weight from capping is then redistributed proportionally to the remaining uncapped securities.

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

As of 31 October 2023, the Index included 70 securities. The Index is rebalanced quarterly in March, 53084977.32

June, September, and December. The Index Provider is independent of the ICAV and the Investment Manager. Further details on the Index, including its components and performance, are available at: <https://www.bloomberg.com/professional/product/indices/bloomberg-equity-indices/>, and <https://assets.bbhub.io/professional/sites/27/Bloomberg-Electric-Vehicles-Screened-Index-Methodology.pdf>

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), 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 securities in which the Sub-Fund invests will be primarily equity securities (such as common or preferred stock) and *depositary receipts (including Global and American Depositary Receipts)* as alternatives to directly purchasing equity securities in their national markets and currencies. 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.** As described above, the Sub-Fund seeks to promote a combination of environmental and social characteristics, within the meaning of Article 8. Investors should also refer to

the “*Sustainable Finance*” section of the Prospectus and the Annex to this Supplement for further details on how the Investment Manager addresses Sustainability Risks 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](http://www.kraneshares.eu).

## 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 “*Equity Related Risks*”, “*Country Concentration*”, “*A-Shares Risk*”, “*Holdings and Sector Concentration*”, “*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).

## INVESTOR PROFILE

Typical investors in the Sub-Fund are expected to be investors who want to take short, medium or long term exposure to the performance of the Electric Vehicle Companies and are prepared to accept the risks associated with an investment of this type.

## 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.

Thereafter and, in the case of Share Classes which have already launched, from the date of this Supplement, 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.

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

## **DISTRIBUTIONS**

The Sub-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 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**

"Bloomberg®" and the Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg"), and have been licensed for use for certain purposes by the Investment Manager.

The Fund is not sponsored, endorsed, sold or promoted by Bloomberg. Bloomberg does not make any representation or warranty, express or implied, to the owners of or counterparties to the Fund or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly. The only relationship of Bloomberg to the Investment Manager is the licensing of certain trademarks, trade names and service marks and of the Index, which is determined, composed and calculated by BISL without regard to the Investment Manager or the Fund. Bloomberg has no obligation to take the needs of the Investment Manager or the owners of the Fund into consideration in determining, composing or calculating the Index. Bloomberg is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the Shares in the Fund to be issued. Bloomberg shall not have any obligation or liability, including, without limitation, to the Fund customers, in connection with the administration, marketing or trading of the Fund.

BLOOMBERG DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA RELATED THERETO AND SHALL HAVE NO LIABILITY FOR ANY ERRORS,



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## ANNEX II

### Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** KraneShares Electric Vehicles & Future Mobility ETF

**Legal entity identifier:** 635400NFFPE57ATBIF87

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

☒ ☒ ☐ **Yes**

☒ ☐ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective**: \_\_\_\_%

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**: \_\_\_\_%

☐ **It promotes Environmental/ Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 0% of sustainable investments

- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics, but **will not make any sustainable investments**

## What environmental and/or social characteristics are promoted by this financial product?



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

Through tracking the Index, the Sub-Fund promotes the following environmental/social characteristics:

- Investment in companies that are engaged in or expected to derive significant revenues from the production of electric vehicles or their components or in other initiatives that may change the future of mobility; and
- Avoidance of investment in companies which are involved in environmental, social and governance ("ESG") controversies and controversial business activities, based on data from ESG data provider, Sustainalytics.

### ● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The Sub-Fund will seek to attain the environmental or social characteristics it promotes by investing substantially all of its assets in replicating the Index.

The Index uses two indicators:.

- Sector classifications – securities must be classified as belonging to the vehicles, electric vehicle components, batteries, hydrogen fuel cells, or raw materials sector classifications, as determined by the Index Provider, to be included in the Index; and
- ESG controversies and controversial business activities data from ESG data provider, Sustainalytics – securities which trigger the criteria and thresholds set out in response to the question "*What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?*" below are excluded from the Index.

### ● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

N/A – The Sub-Fund does not commit to investing in sustainable investments.

### ● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

N/A – The Sub-Fund does not commit to investing in sustainable investments.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

N/A – The Sub-Fund does not commit to investing in sustainable investments.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

N/A – The Sub-Fund does not commit to investing in sustainable investments.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



Does this financial product consider principal adverse impacts on sustainability factors?

☐ Yes, \_\_\_\_\_

☒ No



What investment strategy does this financial product follow?

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 companies that are engaged in or expected to derive significant revenues from the production of electric vehicles or their components or in other initiatives that may change the future of mobility ("Electric Vehicle Companies").

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.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

**What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Sub-Fund will seek to attain the environmental or social characteristics it promotes by investing substantially all of its assets in replicating the Index.

The Index has two core criteria, both of which are binding.

First, to be included in the Index, a security must be classified as belonging to vehicles, electric vehicle components, batteries, hydrogen fuel cells, or raw materials sector classifications as determined by the Index Provider.

Second, companies involved in ESG controversies and controversial business activities based on data from ESG data provider, Sustainalytics, are excluded, as summarised in the table below.

Controversial Categories	Criteria
Highest Controversy Level	The controversy has a severe impact on the environment and/or society or poses serious business risks to the company. This category typically represents exceptional egregious corporate behavior, high frequency of recurrence of incidents, very poor management of ESG risks, and a demonstrated lack of willingness by the company to address such risks.
Environmental Objectives	Companies that have been identified as either high or severe violators of the following controversies as they pertain to the environment: <ul style="list-style-type: none"><li>• Community relations;</li><li>• Land use and biodiversity;</li><li>• Emissions, effluents and waste;</li><li>• Energy use and GHG emission;</li><li>• Environmental impact of products;</li></ul>

	<ul style="list-style-type: none"> <li>• Lobbying and public policy;</li> <li>• Water use; and</li> <li>• Carbon impact of products.</li> </ul>
<b>Societal Norms</b>	<p>Companies that have been identified as either high or severe violators of the following societal norms:</p> <ul style="list-style-type: none"> <li>• Access to basic services;</li> <li>• Accounting and taxation;</li> <li>• Animal welfare;</li> <li>• Anti-competitive practices;</li> <li>• Bribery and corruption;</li> <li>• Business ethics;</li> <li>• Community relations;</li> <li>• Corporate governance;</li> <li>• Occupational health and safety;</li> <li>• Intellectual property;</li> <li>• Labour relations;</li> <li>• Lobbying and public policy;</li> <li>• Marketing practices;</li> <li>• Media ethics;</li> <li>• Data privacy and security;</li> <li>• Quality and safety;</li> <li>• Resilience;</li> <li>• Sanctions;</li> <li>• Social impact of products;</li> <li>• Weapons; and</li> <li>• Employees – human rights.</li> </ul>
<b>Controversial Weapons</b>	<p>Companies classified as involved in the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.</p> <p>Companies with involvement level in the following weapons categories:</p> <ul style="list-style-type: none"> <li>• Anti-personnel mines;</li> <li>• Biological and chemical weapons;</li> <li>• Cluster weapons;</li> <li>• Depleted uranium;</li> <li>• Nuclear weapons; and</li> <li>• White phosphorus.</li> </ul>
<b>Global Compact Compliance Status</b>	Companies that are violating the United Nations (UN) Global Compact Principles.
<b>Small Arms</b>	<p>Companies that derive 5% or more revenue from:</p> <p>Manufacture and sale of assault weapons to civilians</p> <p>Distribution and retail sale of assault weapons</p> <p>Manufacture and sale of key components of small arms</p>

<b>Tobacco</b>	<p>5% or more revenue from production of tobacco or tobacco-related products/services.</p> <p>10% or more revenue from distribution and/or retail sale of tobacco products.</p> <p>Companies with involvement in the production of tobacco.</p>
<b>Coal</b>	Companies that derive 1% or more revenue from thermal coal extraction or thermal coal supporting products and services.
<b>Oil &amp; gas</b>	<p>Companies that derive 10% or more revenue from exploration, production, refining, transportation and/or storage of oil or supporting products and services.</p> <p>Companies that derive 50% or more revenue from exploration, production, refining, transportation and/or storage of gas or supporting products and services.</p> <p>Companies that derive 10% or more revenue from exploration of oil and gas in the Arctic region, shale energy exploration or production, or oil sands extraction.</p>
<b>Electricity</b>	Companies that derive 50% or more revenue from electricity which is generated from thermal coal, oil, or gas.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

***What is the policy to assess good governance practices of the investee companies?***

The Index excludes all companies which have been assessed by ESG data provider, Sustainalytics as being subject to Highest Controversy Level or which have that have breached a principle of the UN Global Compact.

**What is the asset allocation planned for this financial product?**

The Sub-Fund aims replicate the Index by holding all of the constituents of the Index in a similar proportion to their weighting in the Index. As the Sub-Fund promotes the environmental and social characteristics described above through its replication of the Index, substantially all of the assets of the Sub-Fund will be used to promote these characteristics. However, due to misaligned settlement cycles between dealing in Shares in the Sub-Fund and in constituents of the Index, the Sub-Fund may occasionally and for short periods of time hold up to 10% of its Net Asset Value in cash, which will not count as assets which are aligned with the environmental and social characteristics promoted by the Sub-Fund. The Sub-Fund does not commit to investing in sustainable investments.

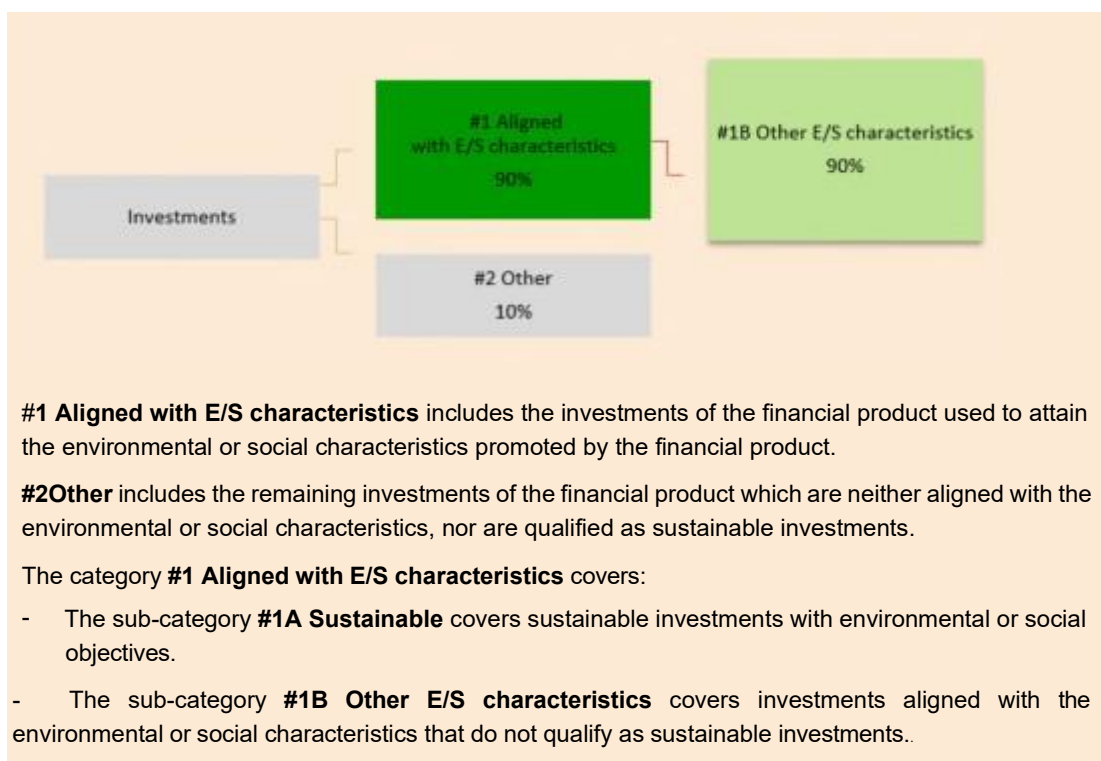
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



*How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?*

The Sub-Fund does not use derivatives to seek to attain its sustainable investment objective.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

0% of the Sub-Fund's Net Asset Value is invested in sustainable investments that have an environmental objective aligned with the EU Taxonomy.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>**

☐

Yes:

☐

In fossil gas

☐

In nuclear energy

☒

No



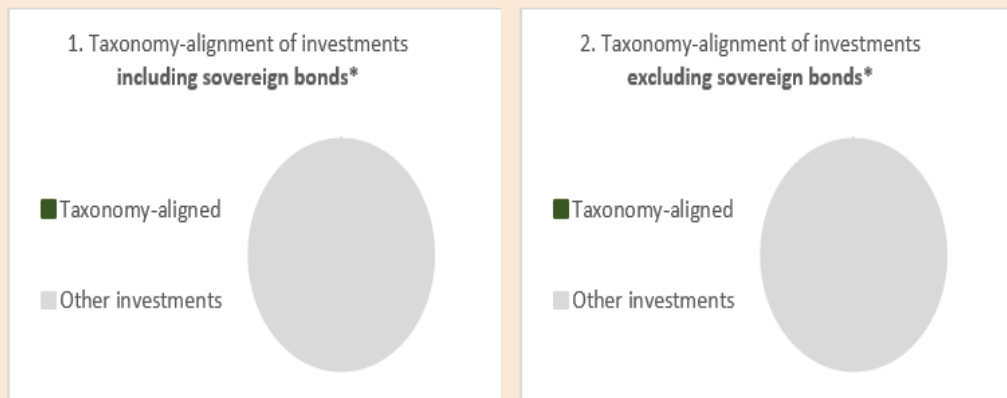
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<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulations (EU) 2022/1214.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



*\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

### **What is the minimum share of investments in transitional and enabling activities?**

N/A – The Sub-Fund does not commit to investing in sustainable investments.



### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

N/A – The Sub-Fund does not commit to investing in sustainable investments.



### **What is the minimum share of socially sustainable investments?**

N/A – The Sub-Fund does not commit to investing in sustainable investments.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Investments made by the Sub-Fund that may be classified as “#2 Other” may be in securities issued by companies which are not included in the Index which are held to 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. Such securities will be subject to good governance requirements.

Additionally, the Sub-Fund may hold “#2 Other” assets, such as units in other funds for the purposes of efficient portfolio management, liquidity management or hedging purposes and cash, for ancillary liquidity purposes and where settlement cycles between dealing in Shares in the Sub-Fund and in constituents of the Index are misaligned. No minimum environmental or social safeguards are applied to Other assets.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Bloomberg Electric Vehicles Screened Index (Total Return version (BBEVST))

***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

The Index is rebalanced quarterly in March, June, September, and December.

The Index Administrator periodically reviews the Indices (both the rules of construction and data inputs) on a periodic basis, not less frequently than annually, to determine whether they continue to reasonably measure the intended market interest, the economic reality, or otherwise align with their stated objective.

***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

The Sub-Fund is passive and seeks to track the Index with minimal tracking error. As above, the Index is re-balanced quarterly in March, June, September and December in accordance with its methodology. The Investment Manager reviews the Index periodically to ensure that it remains aligned with the index strategy of the Sub-Fund.

***How does the designated index differ from a relevant broad market index?***

The Index methodology provides for two core exclusionary criteria which are not features of the Parent Index (Bloomberg World Equity Aggregate Index).

***Where can the methodology used for the calculation of the designated index be found?***

<https://assets.bbhub.io/professional/sites/27/Bloomberg-Electric-Vehicles-Screened-Index-Methodology.pdf>



**Where can I find more product specific information online?**

More product-specific information can be found on the website:

<https://kraneshares.eu/karsln/>