

KraneShares Trust

Quadratic Deflation ETF



Ticker: BNDD

Principal Listing Exchange: NYSE Arca

Annual Shareholder Report: March 31, 2025

This annual shareholder report contains important information about the Quadratic Deflation ETF (the "Fund") for the period from April 1, 2024 to March 31, 2025. You can find additional information about the Fund at <https://kfafunds.com/bndd/>. You can also request this information by contacting us at 1-888-BNDD-007 (1-888-263-3007).

What were the Fund costs for the last year?

(based on a hypothetical \$10,000 investment)

<u>Fund Name</u>	<u>Costs of a \$10,000 investment</u>	<u>Costs paid as a percentage of a \$10,000 investment</u>
Quadratic Deflation ETF	\$96	1.00%

How did the Fund perform in the last year?

During the Funds' fiscal year ended March 31, 2025 ("the period"), the macro environment was challenging. At the beginning of 2024, 150 bps of Fed cuts were priced in, but the Fed ultimately delivered only 100 bps of cuts. Major central banks across the world tried to balance the risk of persistently high inflation with the risk of keeping interest rates too high and pushing economies into recession. As the year passed, investors grew less concerned with inflation and more concerned about a potential recession. There remains a persistent concern with the high U.S. Federal deficit and its impact on the government's overall debt servicing costs.

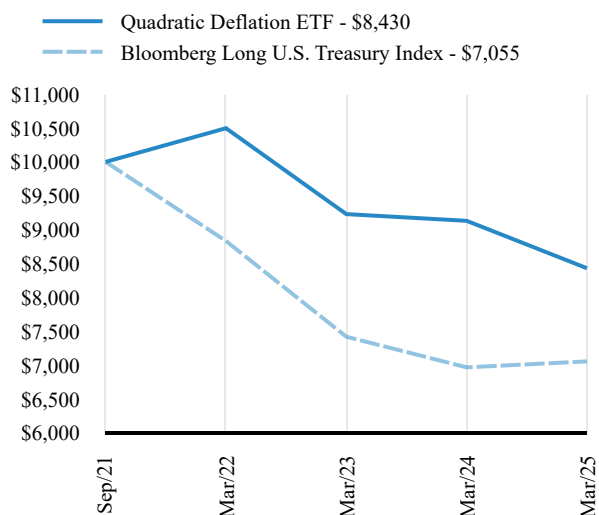
More recently in 2025, the headlines have been focused on the new administration as it imposes new tariffs and negotiates trade deals with other countries. It is still unclear how this process will play out and how it will impact the economy. A significant amount of uncertainty remains, and markets are likely still not pricing in the vast array of outcomes.

BNDD is a fixed income ETF that seeks to benefit from lower growth, deflation, lower or negative long-term interest rates, and/or a reduction in the spread between shorter and longer term interest rates by investing in U.S. Treasuries and options.

BNDD significantly underperformed an index composed entirely of long-dated Treasury bonds during the period. (Please note that this passive bond index is provided for comparative purposes only, as the fund's strategy is benchmark agnostic.) This was largely due to BNDD's options exposure, which lost value as front-end rates declined and long-end rates rose. BNDD owns options related to the spread between shorter and longer term interest rates. Its options are designed to increase in value in times of lower growth, deflation, and lower or negative long-term interest rates. During the period, the options owned by BNDD decreased in value. It was this dynamic which caused it to underperform a portfolio of only long-dated Treasuries.

How did the Fund perform since inception?

Total Return Based on \$10,000 Investment



Average Annual Total Returns as of March 31, 2025

<u>Fund/Index Name</u>	<u>1 Year</u>	<u>Since Inception</u>
Quadratic Deflation ETF	-7.66%	-4.72%
Bloomberg Long U.S. Treasury Index	1.26%	-9.41%

The line graph represents historical performance of a hypothetical investment of \$10,000 in the Fund since its inception on September 20, 2021. Returns shown are total returns, which assume the reinvestment of dividends and capital gains. The table and graph presented above do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares. **Past performance is not indicative of future performance.** Call 1-888-BNDD-007 (1-888-263-3007) or visit <https://kfafunds.com/bndd/> for current month-end performance.

Key Fund Statistics as of March 31, 2025

Total Net Assets	Number of Holdings	Total Advisory Fees Paid	Portfolio Turnover Rate
\$10,362,952	3	\$196,661	0%

What did the Fund invest in?

Asset Weightings^{*^}

Exchange Traded Funds 83.1%

Purchased Options⁽¹⁾ 4.3%

* Percentages are calculated based on total net assets.

^ Investments as a percentage of total net assets will not add up to 100% because this chart does not include cash and other assets and liabilities. The difference between 100% and the sum of the percentages above is mostly cash held by the fund.

(1) At market value.

Top Holdings

<u>Holding Name</u>	<u>Percentage of Total Net Assets</u>
Vanguard Long-Term Treasury ETF	83.1%
Purchased Option - CMS 30Y – 2Y, 0.25%, 08/12/26, ⁽¹⁾	2.2%
Purchased Option - CMS 30Y – 2Y, 0.33%, 09/24/25, ⁽¹⁾	2.1%

(1) At market value.

Material Fund Changes

There were no material changes during the reporting period.

Changes in and Disagreements with Accountants

There were no changes in or disagreements with accountants during the reporting period.

Additional Information

For additional information about the Fund, including its prospectus, financial information, holdings, and proxy voting information, visit <https://kfafunds.com/bndd/>.

Householding

You may have consented to receive one copy of a shareholder report at your address if you and one or more individuals in your home have multiple accounts at the same address. This practice is commonly called “householding” and is intended to reduce expenses. If you wish to change your householding status or receive individual copies of your shareholder report, please contact us at 1-888-BNDD-007 (1-888-236-3007) or your financial intermediary.



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