

## KFA Global Carbon ETF (ticker: KRBN)

### Investment Strategy

The KFA Global Carbon ETF (the “Fund”) seeks to provide a total return that, before fees and expenses, exceeds that of the IHS Markit Global Carbon Index (the “Index”) over a complete market cycle. KRBN is benchmarked to IHS Markit’s Global Carbon Index, which offers broad coverage of cap-and-trade carbon allowances by tracking the most traded carbon credit futures contracts. The index introduces a new measure for hedging risk and going long the price of carbon while supporting responsible investing.

Currently the index covers the major European and North American cap-and-trade programs: European Union Allowances (EUA), California Carbon Allowances (CCA) and the Regional Greenhouse Gas Initiative (RGGI). KRBN is sub-advised by Climate Finance Partners (CLIFI).

### KRBN Features

- Going long the price of carbon may support responsible investing and incentivize pollution reduction aligned with ESG investment goals.
- May provide potential portfolio diversification due to the global carbon futures markets’ historically low correlation to other asset classes.<sup>1</sup>
- KRBN may be appropriate for investors who are concerned about the increase in cost of carbon emissions on their portfolios. As the cost of carbon emissions rise, KRBN typically benefits, while companies with heavy carbon footprints typically suffer.<sup>3</sup>
- May be a beneficiary of tightening carbon emissions regulation worldwide.

Fund Details	Data as of 07/30/2020
Primary Exchange	NYSE
Total Annual Fund Operating Expense	0.79%
Inception Date	07/30/2020
Index Name	IHS Markit Global Carbon Index
Ticker	KRBN
Base Currency	USD
Distribution Frequency	Annually

### Global Carbon Market Highlights

- As of June 30, 2020 the global price of carbon was \$19.30 per ton of CO<sub>2</sub>. It is estimated that carbon allowance prices need to reach a range of \$50 – \$100 per ton of CO<sub>2</sub> to achieve the emissions reductions goals of The Paris Agreement.<sup>1,2</sup>
- Tightening emissions regulation may provide a positive catalyst for the performance of the global carbon allowance market.
- As of December 2019, the three largest global carbon futures markets, tracked by IHS Markit’s Global Carbon Index, had a market size of \$155.82 billion.<sup>1</sup>
- In April 2019, The Financial Times reported that European carbon allowances within the European Union Emissions Trading System were the world’s top-performing commodity over the past two years.<sup>3\*</sup>

\*Past performance of carbon allowance does not indicate future results and may not be indicative of fund performance.

### KRBN Performance History as of 06/30/2020

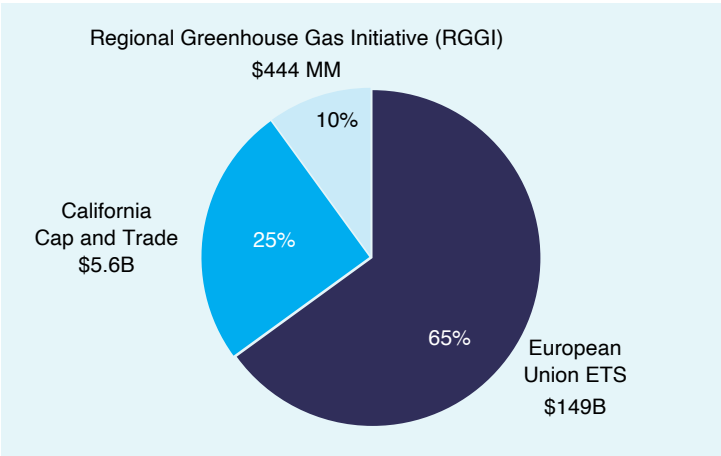
	Cumulative %			Average Annualized %			
	3 Mo	6 Mo	Since Inception	1 Yr	3 Yr	5 Yr	Since Inception
Fund NAV	—	—	—	—	—	—	—
Closing Price	—	—	—	—	—	—	—
Index	—	—	—	—	—	—	—

**The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor’s shares, when sold or redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please visit [www.kfafunds.com](http://www.kfafunds.com).**

ETF shares are not redeemable with the issuing fund other than in large Creation Unit aggregations. Instead, investors must buy or sell ETF Shares in the secondary market with the assistance of a stockbroker. In doing so, the investor may incur brokerage commissions and may pay more than net asset value (NAV) when buying and receive less than net asset value when selling. The NAV of the Fund’s shares is calculated each day the national securities exchanges are open for trading as of the close of regular trading on the New York Stock Exchange (“NYSE”), normally 4:00 P.M. Eastern time (the “NAV Calculation Time”). Shares are bought and sold at market price not NAV. Closing price returns are based on the midpoint of the bid/ask spread at 4:00 P.M. Eastern Time (when NAV is normally determined). **Index returns are for illustrative purposes only. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.**

### IHS Markit's Global Carbon Index Weighting

Data from IHS Markit as of 12/31/2019, retrieved 06/30/2020



### About KFA Funds

- The ETF industry has grown exponentially over the past decade, reaching over \$5.5 trillion globally as of April 2019.<sup>4</sup>
- KFA Funds is the premier platform for developing and delivering differentiated, high-conviction investment strategies to global investors.
- KFA Funds strives to provide innovative, first-to-market strategies that are developed based on our strong partnerships and our deep knowledge of investing.

1. IHS Markit, June 2020

2. World Bank State and Trends of Carbon Pricing 2019

3. Financial Times, April 17, 2019 "Niche asset nears mainstream as investors warm to EU carbon market"

4. ETFGI.com, "ETFGI reports assets invested in the Global ETF and ETP industry reached a record \$5.57 trillion at the end of April 2019" 5/17/19, retrieved 6/30/20.

\*MSCI All Country World Index: A market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. Inception date: 5/31/90

Top Holdings as of 8/25/2020	
The Fund's Holdings Are Subject to Change.	% of Fund
EURO	62.78%
KFA CARBON CFC (138000)	28.05%
SCHWAB SHORT-TER	8.86%
CASH	0.36%

Excluding cash

### About Climate Finance Partners (CLIFI)

- Climate Finance Partners delivers innovative climate finance solutions and investment products to address capital needs for emerging environmental challenges.
- CLIFI is led by a team of investment professionals with deep experience in the fields of traditional investment and environmental finance.

**Carefully consider the Funds' investment objectives, risk factors, charges and expenses before investing. This and additional information can be found in the Funds' full and summary prospectus, which may be obtained by visiting [www.kfafunds.com](http://www.kfafunds.com). Read the prospectus carefully before investing.**

Investing involves risk, including possible loss of principal. There can be no assurance that a Fund will achieve its stated objectives. There is no assurance that cap and trade regimes will continue to exist, or that they will prove to be an effective method of reduction in GHG emissions. Changes in U.S. law and related regulations may impact how the way the Fund operates, increase Fund costs and/or change the competitive landscape. The Fund invests through a subsidiary, and is indirectly exposed to the risks associated with the Subsidiary's investments. Since the Subsidiary is organized under the law of the Cayman Islands and is not registered with the SEC under the Investment Company Act of 1940, as such the Fund will not receive all of the protections offered to shareholders of registered investment companies. The value of a commodity-linked derivative investment typically is based upon the price movements of a physical commodity and may be affected by changes in overall market movements, volatility of the Index, changes in interest rates, or factors affecting a particular industry or commodity. The Fund and the Subsidiary will be considered commodity pools upon commencement of operations, and each will be subject to regulation under the Commodity Exchange Act and CFTC rules.

Commodity pools are subject to additional laws, regulations and enforcement policies, which may increase compliance costs and may affect the operations and performance of the Fund and the Subsidiary. Futures and other contracts may have to be liquidated at disadvantageous times or prices to prevent the Fund from exceeding any applicable position limits established by the CFTC. Additionally, the Fund's investments are subject to liquidity risk, which exists when an investment is or becomes difficult to purchase or sell at a reasonable time and price. Investments in non-U.S. instruments may involve risk of loss due to foreign currency fluctuations and political or economic instability. The Fund's assets are expected to be concentrated in an industry or group of industries to the extent that the Index concentrates in a particular industry or group of industries. The Fund is non-diversified. Although the information provided in this document has been obtained from sources which Krane Funds Advisors, LLC believes to be reliable, it does not guarantee accuracy of such information and such information may be incomplete or condensed. The KraneShares ETFs are distributed by SEI Investments Distribution Company (SIDCO), 1 Freedom Valley Drive, Oaks, PA 19356, which is not affiliated with Krane Funds Advisors, LLC or the Investment Adviser for Climate Finance Partners, the Fund's sub-adviser. R-SEI-KS