

The Market Huddle

Q3 2020

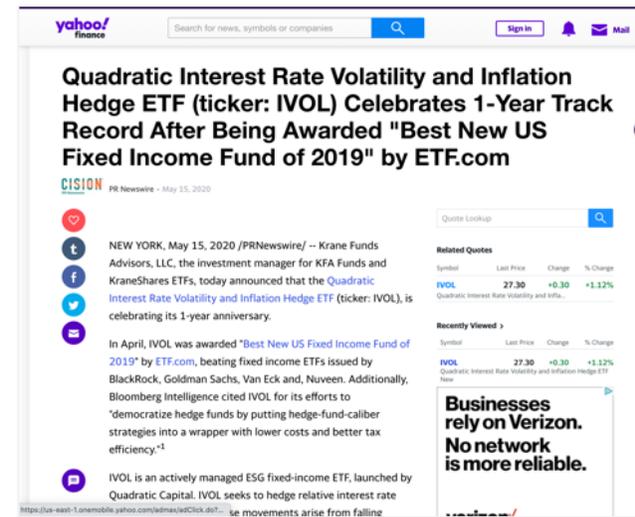
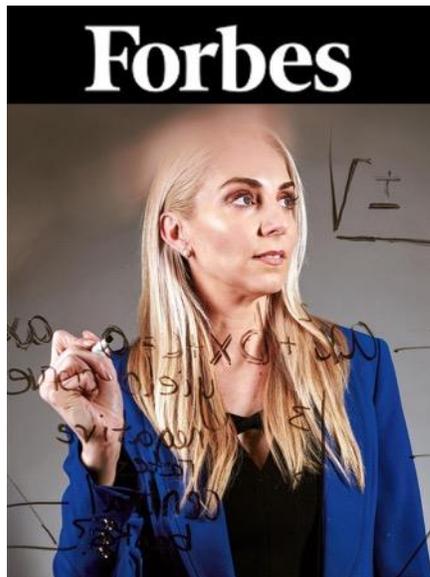
Select IVOL highlights, milestones and awards

September 2019:
Forbes profiles Nancy and IVOL strategy

March 2020:
Barron's 100 Most Influential Women in Finance on inaugural list

April 2020:
IVOL surpasses \$100M AUM

April 2020:
IVOL named "Best New US Fixed Income Fund of 2019" by ETF.com*



The IVOL Philosophy

- IVOL is a fixed income ETF that is designed by combining US Treasuries with OTC fixed income options.
- IVOL provides potential for differentiated diversification with many portfolio applications.

Unique Access

- Is the first 1940 Act Fund to provide access to OTC fixed income options, which are key to IVOL's many applications

Rates + TIPS

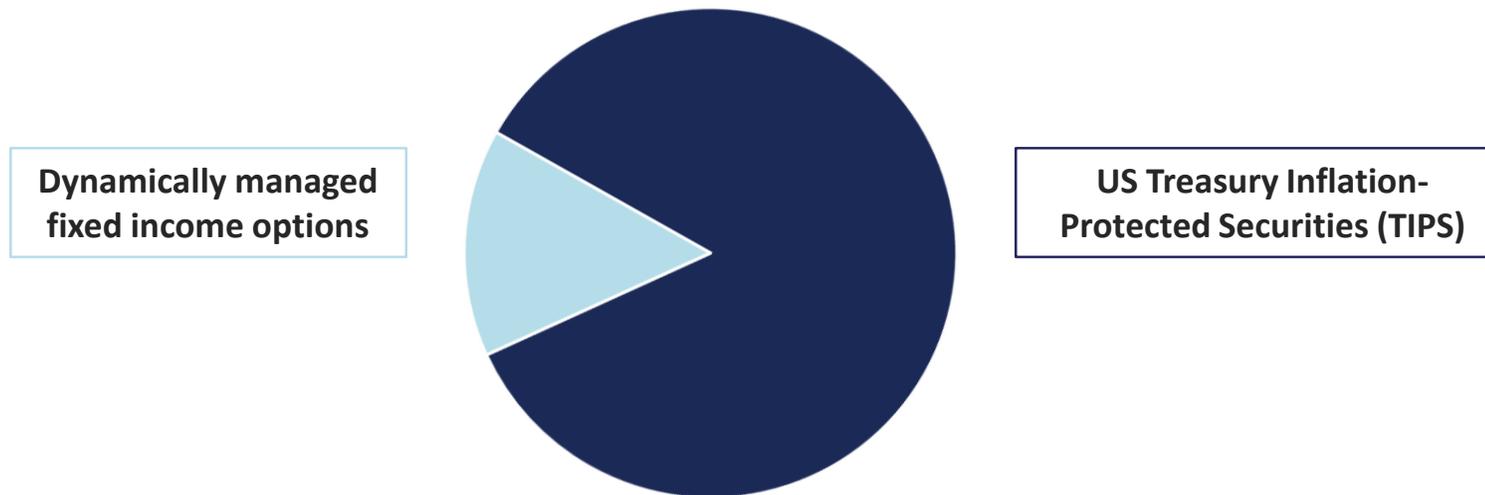
- Provides potentially enhanced distributions while providing a hedge against interest rate volatility, yield curve steepening and inflation

Portfolio Diversification

- Since inception, IVOL has had minimal correlation to U.S. and international equities and a relatively low correlation to fixed income and gold.
- IVOL has the potential to benefit from market stress and fixed income volatility.

IVOL Portfolio Composition

- IVOL is approximately 85% US Treasuries
- Balance of portfolio is dynamically managed fixed income options



Why IVOL does not only own TIPS

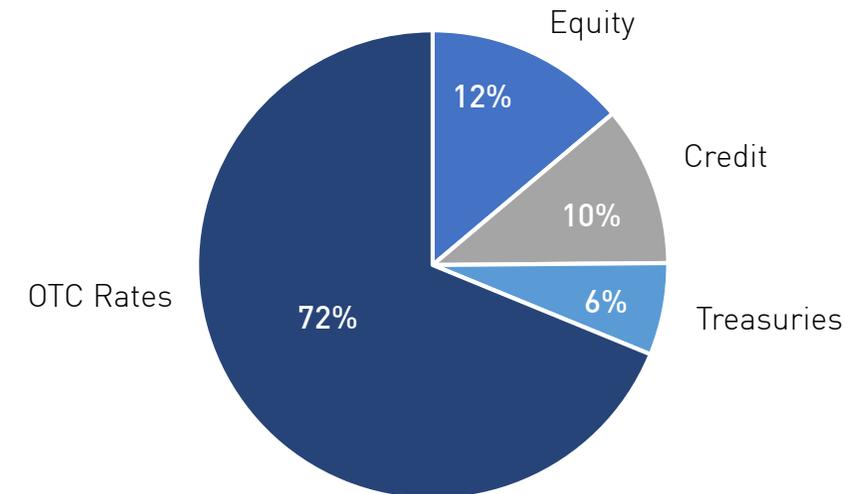
- TIPS are set using CPI, and TIPS alone do not capture inflation expectations.
- By adding fixed income options to the portfolio, IVOL gives investors a way to own inflation expectations.
- It is these expectations which have a far more significant impact on the rate sensitivity of bond portfolios. IVOL gives investors another way potentially to profit from inflation rather than just waiting for their TIPS to reset.

Access: Exposure to the Rates Markets

- IVOL provides access to OTC rates which is the largest asset class and also provides the potential for differentiated performance from stocks and bonds.
- IVOL's OTC rates options provide exposure to the shape of the yield curve, which is largely a result of inflation expectations. Thus, the options have the potential to increase in value with a normalization of inflation expectations and therefore function similar to options on inflation expectations.

Key features:

- Potential for enhanced, inflation-protected distributions
- All options are fully funded, so the maximum downside is known and limited to the market value of the options.
- Through its options, IVOL is long OTC fixed income volatility, providing potential profit from market stress as volatility increases.
- Options have the potential to benefit from relative interest rate moves – whether those moves are lower (or negative) rates in the front end and/or higher rates in the back end.



Source: Nasdaq, SIFMA and BIS. "US OTC Rates" defined as the notional value outstanding in interest rate contracts denominated in USD as of H1 2019.

IVOL: Low Correlations to Common Asset Classes¹

- IVOL may provide potentially attractive diversification during a time when many other holdings may have behaved very similarly.
- It may act as a partial hedge, given how it has had very low correlations with the major indexes shown above.
- Historic data does not guarantee future trends, and it is possible that these correlations may change over time.

IVOL NAV Correlation To:	DOW	S&P 500	Barclay's Agg	MSCI EM	HY Credit	Gold
Daily Correlation	-0.01	0.00	0.10	0.19	0.13	0.19

Daily correlation from 5/14/19 to 6/30/20. Source: Bloomberg and Quadratic calculations

1. See end of deck for index definitions. Index returns are for illustrative purposes only and do not represent actual Fund performance. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results. For actual fund performance visit our website www.kfafunds.com.

IVOL Portfolio Applications – How can IVOL enhance other allocations?

Investments	Potential Risks	How IVOL can potentially help mitigate these risks
Passive Fixed Income	<ul style="list-style-type: none"> Many investors use products benchmarked to the “Barclays Agg”, (the Bloomberg Barclays Aggregate Bond Index), as a proxy for the fixed income universe. The Barclays Agg has no TIPS, 28% of the index is short volatility and 32% has credit spread risk.¹ 	<ul style="list-style-type: none"> IVOL holds TIPS and is long-volatility, which can act as a potential diversifier to a fixed income portfolio centered on the Barclays Agg.
Real Estate	<ul style="list-style-type: none"> Higher rates increase the all-in cost of buying a home or other property and can depress demand. Increased rate volatility can reduce mortgage lenders’ appetite for new loans. 	<ul style="list-style-type: none"> IVOL may help hedge the risk of falling real estate prices brought on by rising long term interest rates.
Equities	<ul style="list-style-type: none"> Min vol / low vol stocks can be seen as “defensive” and used with the goal to generate yield with less equity risk than the broader market. However, investors might be overpaying for “safe” stocks which have nothing to do with owning volatility and may not perform as expected during equity market declines such as in a recession. 	<ul style="list-style-type: none"> IVOL owns fixed income volatility and may act as a market hedge since volatility has historically increased during large equity sell-offs. IVOL is potentially defensive for an equity portfolio given its use of US Treasuries. Further, its options potentially benefit from a steepening of the yield curve, which historically has often occurred during equity market declines.

1. As of 12/31/2019. 2. The options held by IVOL are subject to counterparty risk.

IVOL Portfolio Applications

Investments	Potential Risks	How IVOL can potentially manage these risks:
TIPS	<ul style="list-style-type: none"> TIPS are set using the Consumer Price Index (CPI). About 1/3 of CPI is defined by “shelter,” and that is mostly rent. For many investors, rent might not be an important item that they are trying to protect against. 	<ul style="list-style-type: none"> IVOL owns TIPS, but they are enhanced using TIPS with options. These options function as options on inflation expectations, because the yield curve is largely a result of inflation expectations.
Floating Rate Notes (FRN)	<ul style="list-style-type: none"> Frequently used for their potential to profit from higher yields, FRNs have credit risk and almost no sensitivity to interest rates. 	<ul style="list-style-type: none"> IVOL has the potential to appreciate when the interest rate curve steepens and long dated inflation expectations move higher, giving investors a similar benefit to the one they are expecting from their FRN without the credit risk.¹
Short Duration Bonds	<ul style="list-style-type: none"> Many investors own short duration bond because they are concerned about higher interest rates and do not want the duration risk exposure. 	<ul style="list-style-type: none"> IVOL may help hedge during bond market sell-offs should the yield curve to steepen and volatility to increase while providing potentially enhanced distributions.

1. The options held by IVOL are subject to counterparty risk.

2. Please see options risk disclosure on page 16

IVOL Completion Portfolio Application Example 1: Passive Fixed Income

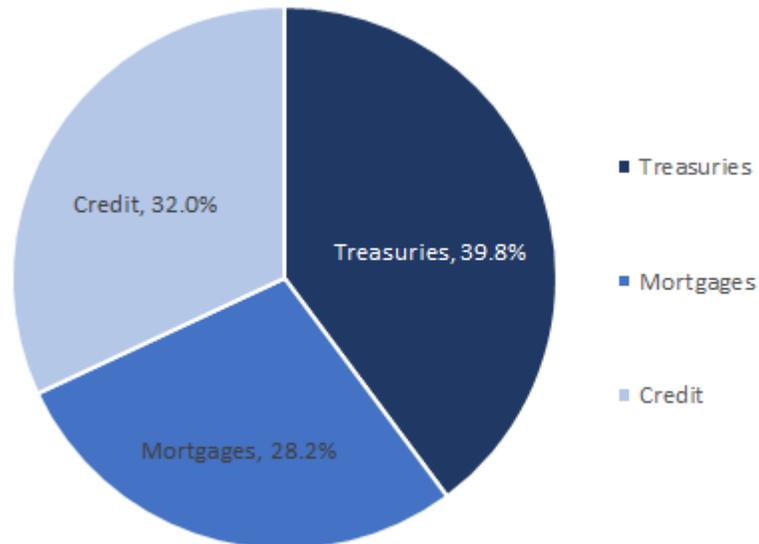
Many investors use products tied to The Bloomberg Barclays US Aggregate Bond Index (“the AGG”) for their passive fixed income exposure.

There are several issues with the "AGG" that investors should keep in mind:

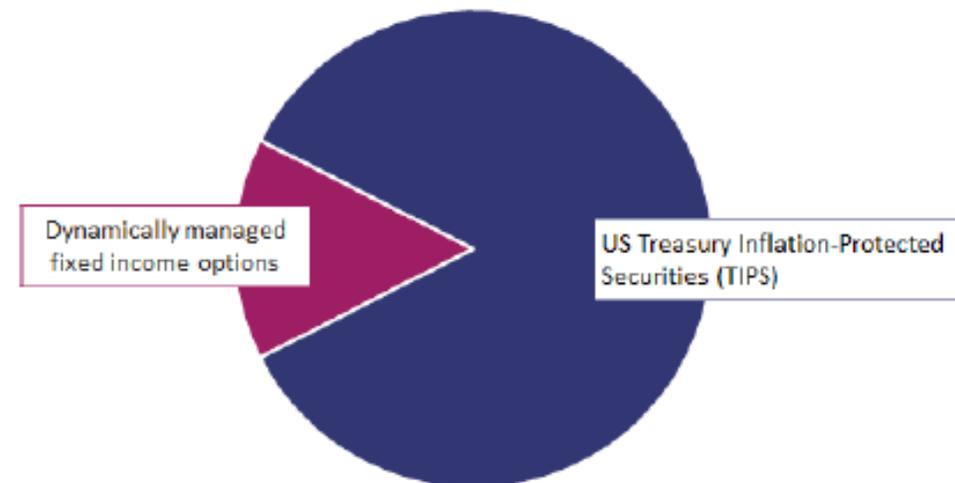
- **Roughly 28% of the AGG's holdings are short volatility, while 32% of the AGG is exposed to credit spread risk.**
- **The AGG does not contain any inflation protected bonds (TIPS).**

These shortcomings may leave investors exposed in ways they did not anticipate, with gaps in their bond portfolio. IVOL may serve as a diversifier for such investors.

“The AGG” composition

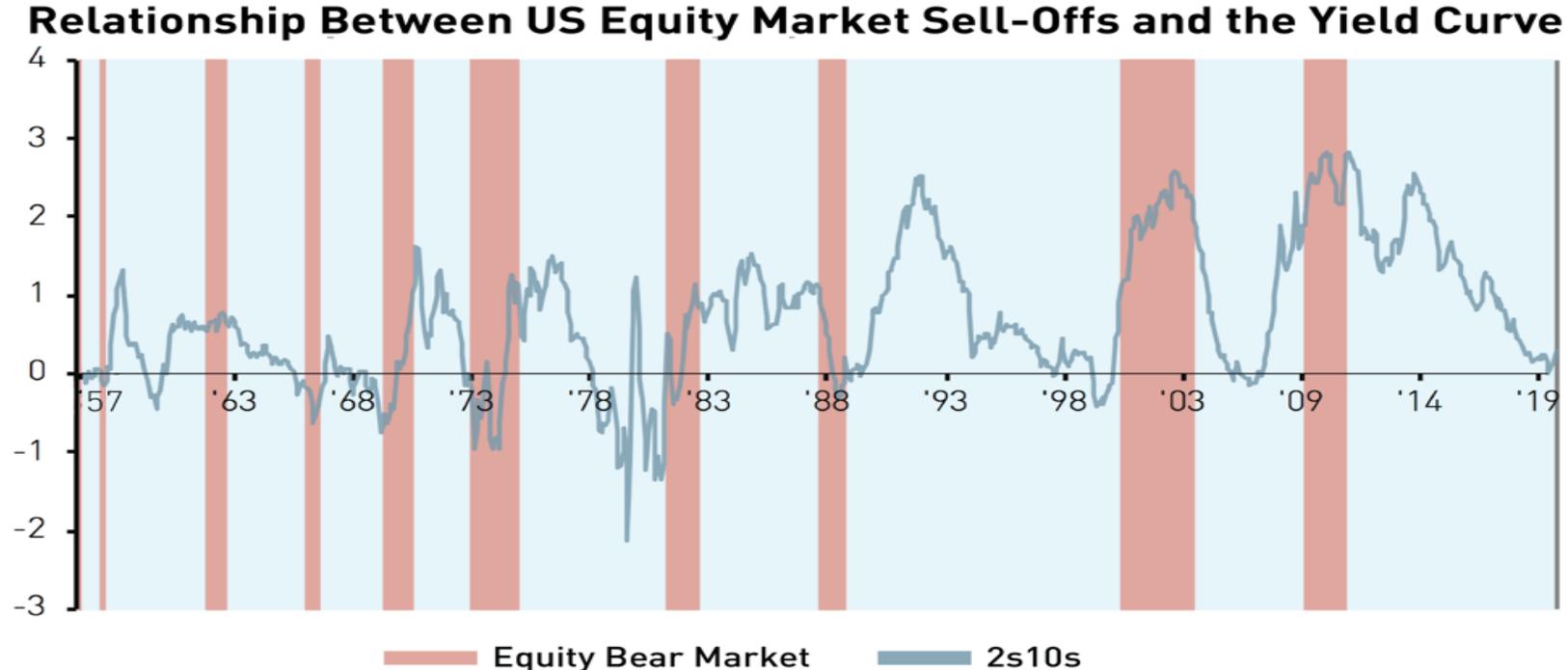


IVOL composition



IVOL Hedge Portfolio Application Example 2: IVOL During Periods of “Risk Off” for Equities

- The IVOL portfolio potentially has the ability to benefit from equity market shocks. How can IVOL’s options potentially benefit equity holders? As the chart below shows, equity market sell-offs have historically been associated with a steepening of the yield curve.
- By holding interest rate options that are expected to pay off when the yield curve steepens, IVOL may also help hedge investors against equity market sell-offs.



Source: Goldman Sachs and Quadratic Capital as of Q1 2020
S&P 500 is the equity index and 2s10s is defined as the difference between the 10y and the 2y swap rates. Past performance does not guarantee future results.

Potential Scenario Analysis

Factors that Impact IVOL	Rising	Falling
TIPS Bond Price	✓	✗
Volatility	✓	✗
Expectations for Rate Cuts	✓	✗
Long Dated Yields	✓	✗

✓/✗ indicates the potential effect these scenarios may have on IVOL. With ✓ indicating a potential positive effect and ✗ indicating a potential negative effect. “Long dated yields” defined as the yield on the 10y US treasury.

IVOL Performance History

Monthly

Date	IVOL	S&P 500	TIPS
5/31/2019	2.64%	-2.91%	1.45%
6/28/2019	1.18%	6.89%	0.84%
7/31/2019	-0.83%	1.31%	0.37%
8/30/2019	0.96%	-1.81%	2.24%
9/30/2019	-1.39%	1.72%	-1.07%
10/31/2019	-0.17%	2.04%	-0.06%
11/29/2019	0.06%	3.40%	0.24%
12/31/2019	0.79%	2.86%	0.51%
1/31/2020	0.72%	-0.16%	2.12%
2/28/2020	1.41%	-8.41%	0.93%
3/31/2020	0.80%	-12.51%	-1.47%
4/30/2020	2.90%	12.68%	2.71%
5/29/2020	1.24%	4.53%	0.49%
6/30/2020	1.8%	1.84%	.99%

As of 6/30/20

	Cumulative %			Average Annualized		
	3 Mo	6 Mo	Since Inception	1 Yr	3 Yr	Since Inception
Fund NAV	4.56%	8.43%	11.83%	8.07%	–	10.38%
Closing Price	6.06%	9.31%	12.77%	8.56%	–	11.20%
Index*	4.24%	6.01%	10.78%	8.28%	–	9.45%

- IVOL has significantly outperformed its TIPS Index Benchmark, especially since the sell off started on 2/20/2020
- From 2/20th to 6/30th 2020, IVOL was up 9.79%
 - 3.19% from the TIPS component
 - 6.6% from the options component

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.kraneshares.com

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.

*Index is the Bloomberg Barclays US Treasury Inflation Linked Bond Index (Series L). Please note that although this index is provided for comparative purposes, the fund's strategy is benchmark agnostic.

IVOL's Risk Profile

Investing involves risk, including possible loss of principal. There can be no assurance that the Fund will achieve its stated objectives, including its objective of eliminating the curve or inflation risk. Investors should take note of the following risks before investing in IVOL. A more thorough discussion of options investing can be found on the Options Clearing Corporation's website. A link to which can be found in the Important Notes section of this presentation.

- **A Flattening Yield Curve Risk:** IVOL may underperform or lose money when the U.S. interest rate curve flattens or inverts, perhaps significantly. When this occurs the Fund's investments may generally underperform a portfolio consisting solely of U.S. government bonds
- **Leverage Risk:** IVOL's OTC options may give rise to a form of leverage, which may magnify the Fund's potential for gain and the risk of loss. The Fund may potentially be more volatile than a portfolio of traditional investments such as stocks or bonds.
- **Liquidity & Counterparty Risk:** OTC options may be subject to liquidity risk and counterparty risk.
- **Credit & Non-Curve Interest Rate Risk:** IVOL's use OTC options is not intended to mitigate credit risk, or non-curve interest rate risk. Additionally, IVOL invests in debt securities, which typically decrease in value when interest rates rise.
- **Considered Speculative:** Investing in options tied to the shape of the swap curve is considered speculative and can be extremely volatile.
- **Concentration Risk:** The fund is non diversified.

Guide to Trading ETFs

ETF liquidity is determined by the asset class, not by the fund size

- Exchange-traded funds (ETFs) are a wrapper, and although an investor may hold a large percentage of an ETF, one must look at the percentage owned of the underlying asset class.

ETF investors are not impacted by other investors' trades in the same ETF

- The ETF structure is unique in that all investors transact independently on an exchange. Being a large or small owner in a fund does not mean you're more or less impacted by the actions of other investors. In a mutual fund, all investors are impacted by the trading activity of other holders in the fund.

An ETF closure does not create principal risk

- If a fund were to close, neither large nor small investors would have a principal risk. The fund would be liquidated by the portfolio manager, and the investors would receive back NAV of the fund, minus costs, at the time of liquidation.

Trading in and out and fund size

- Investors can trade in and out of a fund regardless of the fund's AUM. ETF liquidity providers (market makers) can easily transfer the liquidity of the underlying basket into ETF shares. Market makers also accept NAV based orders for larger tickets.

Understanding ETF Liquidity

An ETF is not a stock

- If an ETF does not trade a certain number of shares per day, is the fund illiquid? No. It's a plausible assumption from a single-stock perspective, but with ETFs, there is more to consider. The key is to understand the difference between the primary and secondary market liquidity of an ETF.

Primary Market vs. Secondary Market

- Most noninstitutional investors transact in the secondary market—which means investors are trading the ETF shares that currently exist. Secondary liquidity is the “on screen” liquidity you see from your brokerage (e.g., volume and spreads), and it's determined primarily by the volume of ETF shares traded.
- However, one of the key features of ETFs is that the supply of shares is flexible—shares can be “created” or “redeemed” to offset changes in demand. Primary liquidity is concerned with how efficient it is to create or redeem shares. Liquidity in one market is not indicative of liquidity in the other market.
- The determinants of primary market liquidity are different than the determinants of secondary market liquidity. In the secondary market, liquidity is primarily a function of the value of the ETF shares traded and frequency and volume of the trading of those shares throughout the trading day. When placing a large trade—on the scale of tens of thousands of shares—investors are sometimes able to circumvent an illiquid secondary market by using an “authorized participant” (AP) to reach through to the primary market to “create” new ETF shares at NAV price.

The Quadratic Interest Rate Volatility and Inflation Hedge ETF

Key Fund Information

Ticker	IVOL
Fund Name	Quadratic Interest Rate Volatility and Inflation Hedge ETF
Primary Exchange	NYSE
Total Annual Fund Operating Expense	1.04%
Total Annual Fund Operating Expenses After Fee	0.99%
Waiver*	
Inception Date	5/13/2019
Distribution Frequency	Monthly

*Adviser has contractually agreed to waive fees until August 1, 2020.

Index Definitions

The Dow Jones Industrial Average (“Dow”) is an index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange and the NASDAQ.

The S&P 500, (“S&P”), is a stock market index that measures the stock performance of 500 large companies listed on stock exchanges in the US.

The MSCI Emerging Markets (MSCI EM) Index captures large and mid cap representation across 26 Emerging Markets (EM) countries.

The iBoxx iShares High Yield Corporate Bond Index (iBoxx HY) is designed to reflect the performance of USD denominated high yield corporate debt.

VIX is a CBOE index that represents equity volatility of 30-day expectations of the S&P 500 equity index.

Bloomberg Barclays US Aggregate Bond Index (“Barclays Agg”) is a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays US Treasury Inflation Linked Bond Index (Series L). It measures the performance of the US Treasury Inflation Protected Securities (TIPS) market.

Important Notes

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. 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. 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 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 (closing price) not NAV. Market price returns are based on the midpoint of the bid/ask spread at 4:00 pm Eastern Time (when NAV is normally determined).

There is no guarantee by the Fund will declare distributions in the future or that, if declared, such distributions will remain at current levels or increase over time. The Fund is non-diversified. The Funds may invest in derivatives, which are often more volatile than other investments and may magnify the Funds’ gains or losses.

There are risks involved with investing in options including total loss of principal. Options investing is not suitable for all investors. This fund utilizes sophisticated options strategies which may not be suitable for all investors. For a more comprehensive discussion of the risks involved in options investing, please review Characterizations and Risks of Standardized Options available at <http://www.theocc.com/about/publications/character-risks.jsp> or contact the Options Clearing Corporation directly at 1 N. Wacker Dr., Suite 500, Chicago, IL 60606. (1-888-678-4667)

The KFA ETFs are distributed by SEI Investments Distribution Company (SIDCO), 1 Freedom Valley Drive, Oaks, PA 19456, which is not affiliated with Krane Funds Advisors, LLC, the Investment Adviser for the Fund. [R_US_KS_SEI]

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.ivoletf.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 when buying and receive less than net asset value (NAV) 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).

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the Fund and may be obtained by calling 833-IVOL-ETF (1-833-486-5383). Please read it carefully before investing.

Diversification does not ensure a profit or guarantee against a loss. Investing involves risk. Principal loss is possible. There is no guarantee the Fund will achieve its investment objectives. Shares of any ETF are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. The Fund's derivatives investments involve risks. The derivatives used by the Fund may give rise to a form of leverage. Leverage magnifies the potential for gain and the risk of loss. The prices of options can be highly volatile and the use of options can lower total returns. OTC options generally have more flexible terms negotiated between the buyer and the seller. As a result, such instruments generally are subject to greater credit risk and counterparty risk. OTC instruments also may be subject to greater liquidity risk. The Fund's use of such instruments is intended to mitigate the curve risk and is not intended to mitigate credit risk, or non-curve interest rate risk. There is no guarantee that the Fund's investments will completely eliminate the curve or inflation risk of the long positions in U.S. government bonds. In addition, when the swap curve flattens, the Fund's investments will generally underperform a portfolio comprised solely of the U.S. government bonds. In a flattening curve environment, the Fund's hedging strategy could result in disproportionately larger losses in the Fund's options as compared to gains or losses in the U.S. government bond positions attributable to interest rate changes. The Fund's exposure to derivatives tied to interest rates subjects the Fund to greater volatility than investments in traditional securities, such as stocks and bonds. Investing in derivatives tied to interest rates, including through options tied to the shape of the swap curve, is speculative and can be extremely volatile. The Fund is non-diversified. IVOL is distributed by SEI Investments Distribution Co. (SIDCO), 1 Freedom Valley Drive, Oaks, PA 19456. The Fund's sub-adviser is Quadratic Capital Management LLC (Quadratic). SIDCO is not affiliated with Quadratic Neither Quadratic nor SIDCO or their affiliates provide tax advice. Please note that (i) any discussion of U.S. tax matters contained in this communication cannot be used by you for the purpose of avoiding tax penalties; (ii) this communication was written to support the promotion or marketing of the matters addressed herein; and (iii) you should seek advice based on your particular circumstances from an independent tax advisor.