KraneShares

Wahed

A DEEP DIVE

Into KWIN's
Fixed-Sale Structure

Table of Contents

A Deep Dive Into KWIN's Fixed Sale Structure

In the world of Islamic finance, few instruments attract as much scrutiny as financial options. Traditionally, these derivatives are flagged for Shariah non-compliance, wherein concerns are primarily around its usage for speculation and the uncertainty of outcomes when used for speculative purposes due to their inherent reliance on speculation (*maysir*) and uncertainty (*gharar*).

However, financial innovation allows us to separate a tool from its typical use case. The KraneShares Wahed Alternative Income Index ETF (Ticker: KWIN) utilizes exchange-listed options not for speculation, but purely as execution mechanisms to facilitate a Shariah-compliant trade structure known as Bayʿ Muʾajjal (fixed-price deferred sale).

This paper examines the technical distinction between permissible hedging instruments and prohibited speculative derivatives, outlining precisely how KWIN is structured in line with established Shariah standards and principles.

1. What is an Option?

An **option** is a financial contract that grants its holder the right, but not the obligation, to buy or sell an underlying asset at a predetermined price (the strike price) on or before a specified date (the expiration). Options are widely used in conventional finance for hedging, speculation, and income generation.

There are two basic types of options:

Call Option – Gives the holder the right to buy an asset at the strike price. Investors buy calls if they expect the asset price to rise.

Put Option – Gives the holder the right to sell an asset at the strike price. Investors buy puts if they expect the asset price to fall.

From a payo˜ perspective, an option's value is asymmetric: it allows one party to benefit from price movements in one direction while limiting loss to the premium paid.

In most modern markets, options are standardized contracts traded on regulated exchanges, with clearing houses like the Options Clearing Corporation (OCC) standing between buyers and sellers to guarantee settlement.

2. The Shariah Objection to Options

In Shariah, the default rule in financial transactions is permissibility - everything is allowed unless there is a clear prohibition. Transactions become impermissible only when they involve elements explicitly forbidden, such as rib˝ (interest), gharar (excessive uncertainty), or maysir (speculation).

While options are a foundational tool in contemporary finance, classical and modern Shariah scholars have largely ruled them impermissible, due to issues rooted in the nature of what is being transacted and the uncertainty involved. The key concerns are as follows:

The Object of Sale Is a Mere Right, Not a Tangible or Ownable Asset

In a typical option, what is bought or sold is the right to buy or sell an asset in the future, not the asset itself. This right is *not considered* a valid subject matter of sale under Shariah, since ownership and possession (*qabd*) never transfer at the time of contract. One is e˜ectively trading in a "right" rather than in a concrete asset, violating the juristic requirement that a sale must pertain to something *existent, deliverable,* and *lawful* to transact.

Presence of Excessive Uncertainty (Gharar)

An option's outcome depends on future market movements that are unknown at the time of contract. The buyer does not know whether the right will be exercised or expire worthless, while the seller does not know whether delivery will occur. This excessive uncertainty in both countervalues renders the transaction invalid as a sale.

Element of Speculation and Games of Chance (Maysir)

Options trading, particularly when undertaken without underlying asset ownership or genuine hedging intent, becomes **speculative** in nature, akin to wagering on future price movements. This introduces an element of *maysir* (gambling), which the Qur'an explicitly prohibits.

Sale Before Ownership or Possession

In many option strategies, a party sells a call or put without actually owning the underlying asset at the time of contract. This is considered bay ʿ m˝ l˝ yamlik, selling what one does not own, which is prohibited by consensus of scholars. Even where ownership exists, the uncertain future exercise renders the transaction non-committal in nature, conflicting with the Shariah principle that trade must transfer definite rights and obligations at inception.

3. How KWIN Uses Options and Why Its Structure Is Shariah-Compliant

At its core, KWIN implements a structured, trade-based income strategy that seeks to capture the natural price di˜erential between present and deferred delivery of Shariah-compliant equities.

In modern capital markets, the relationship between an equity's current price and its future delivery price is shaped by supply–demand conditions, market expectations, and the value of assured delivery - these factors rarely align perfectly, creating small, recurring commercial di˜erentials between the two.

KWIN realizes this di˜erential through ownership and trade rather than derivative speculation.

The fund purchases screened equities and, at the same time, enters into a pre-agreed forward sale (bay ʿ mu ʾajjal) by combining exchange-traded contracts that fix a future sale price and delivery date.

Through this structure, KWIN earns its return as lawful trade from buying and selling actual assets under defined contractual terms.

This structure makes KWIN a trade-execution strategy grounded in real assets: it converts the market's observable price spread between spot and forward transactions into a commercial markup backed by ownership, custody, and delivery.

The approach aligns the operational eÿcienc y of modern markets with the ethical principles of Islamic commercial law - ownership before sale, delivery at maturity, and clarity of price and timing.

KWIN's trades are executed and cleared through exchange-registered clearing members aÿliat ed with the Options Clearing Corporation (OCC), which acts as the central counterparty and guarantor of settlement.

When viewed in substance, the strategy represents a genuine purchase and deferred sale of equities under fixed delivery terms, executed within a regulated exchange framework that safeguards Shariah compliance and market integrity.

Each KWIN trade cycle proceeds in three sequential steps:

1. Purchase and Possession of Shariah-Compliant Shares

- The fund acquires Shariah compliant equities using the Wahed Shariah Alternative Income Index*

- Ownership and possession are established and these shares form the tangible subject matter of all subsequent sales.

2. Execution of a Fixed Sale at a Predetermined Price

- Immediately upon purchase, KWIN enters a contractual arrangement that fixes the future sale price and delivery terms of the shares.

- Economically, this is done through a **combination of two exchangelisted option positions****:

- **Long Put** – Functions as part of the paired structure to neutralize optionality and ensure that sale terms remain fixed (the right to sell the shares is neutralized by the Obligation to sell under the Short Call).

- **Short Call** – Creates an obligation on the Fund to sell the shares to the counterparty (the counterparties right to buy the shares is neutralized by the Obligation to purchase under the Long Put)

*The Wahed Shariah Alternative Income Index is a benchmark that tracks a strategy designed to provide exposure to Shariah-compliant income-generating techniques. The index uses approved equity positions and option-based strategies that meet Islamic finance principles, such as avoiding interest-based instruments. It is intended for investors seeking an alternative approach to income generation aligned with Shariah guidelines.

**The Fund's option strategy is designed to achieve a price-neutral outcome, meaning that the overall portfolio is constructed so that small changes in the price of the underlying stocks have minimal impact on the Fund's value. However, a price-neutral position does not eliminate all risk. The Fund remains subject to other risks, including larger price movements, changes in volatility, time decay, and other market factors. Investors may still experience losses, and there is no guarantee that the strategy will be successful in maintaining a price-neutral position or in achieving its investment objectives.

The simultaneous holding of these two positions at the same strike and expiration is in substance equivalent to a forward sale contract, a binding agreement to sell the asset at that fixed price in the future.

3. Delivery Through the Exchange Clearing System (OCC)

- KWIN's trades are executed via regulated clearing members of U.S. exchanges, who in turn clear and settle these transactions through the Options Clearing Corporation (OCC) - the central clearinghouse that guarantees trade completion and delivery.

- The shares KWIN owns are delivered and the fixed proceeds are received.

- The fund thus realizes the markup* (sale price minus cost price),representing permissible trade profit, not interest.

*The realization of markup is not guaranteed. If the market value of the underlying equities declines or other adverse conditions occur, the fixed sale price may still result in a loss relative to the purchase price, and investors may lose principal.

The Economic Outcome: Bay ʿ Mu ʾ ajjal

From a substance standpoint, the *long put + short call* at identical strike and expiration neutralizes optionality for both parties: neither KWIN nor the counterparty retains a unilateral right of choice. What remains is a structured forward sale - delivery and price are locked in from the outset.

Thus, KWIN uses options only as operational tools to enter into a lawful structured forward sale agreement, not as speculative instruments whose payo˜ depends on uncertain events.

Key Di°er ences From Conventional Option Strategies

Feature	Conventional Options Strategies	KWIN's Use of Options
Nature of Contract	A *right* to buy/sell, which may or may not be exercised	A *binding sale obligation* created via o˜setting positions
Object of Sale	A non-tangible right	Actual Shariah-compliant equities owned and held
Optionality	Present in most strategies - holder may choose to exercise or not	Both legs neutralize each other thereby, creating a structured forward sale
Shariah Status	Impermissible due to *gharar* and *maysir*	Permissible as *bay ʿ mu ʾ ajjal* with actual ownership and no uncertainty

4. How KWIN Derives Its Alternative Income

Trade-Based Source of Alternative Income

KWIN’s returns are derived from trading activity - specifically, the sale of Shariah-compliant equities at a predetermined, higher future price. This markup represents lawful trade profit (*bayʿ muʾajjal*) - a genuine sale at a deferred payment price.

By fixing a future sale price at the time of purchase, KWIN seeks to benefit from the price di˜erence between today’s spot price and the pre-agreed deferred sale price - a Shariah-compliant trading return. All key terms such as asset, price, delivery, and timing are agreed in advance, ensuring full transparency and removing uncertainty regarding contractual terms.

However, fixing a future sale price does not guarantee a profit or protect against losses. If the market value of the underlying equities declines below the purchase price or the fixed sale price, the Fund may realize a loss. Adverse market movements, volatility, or other factors may result in the Fund’s returns being lower than expected or negative. Investors may lose some or all of their principal. For a full discussion of risks, please refer to the Fund’s prospectus.

The Economic Engine: The Fixed Sale Price Di°er ential

Each trade cycle begins when KWIN:

1. Buys Shariah-compliant equities which are part of the Wahed Shariah Alternative Income Index (WHDINC).

2. Simultaneously executes a forward sale at a fixed price and maturity,

implemented through a paired structure of one long put and one short call contract (both at the same strike and expiration).

A successful trade cycle occurs when the fixed sale price is higher than the current purchase price - a price di˜erential that reflects the market's expectation of future value.

This agreed di˜erential is the markup (profit):

$$\textbf{Trade Profit (Markup)} = P_{\text{future sale}} - P_{\text{current purchase}}$$

The markup is determined by mutual consent once the sale is concluded - satisfying Shariah requirements by avoiding both gharar (uncertainty) and riba (interest).

There is no assurance that the fixed sale price will exceed the purchase price. If market conditions move unfavorably, the Fund may incur losses instead of gains.

The Sources of Markup in Practice

The markup in KWIN's forward sale structure reflects the natural price di˜erence between the current purchase value of owned equities and the fixed deferred sale price agreed at inception.

This di˜erential arises from genuine commercial and market factors that influence how future delivery of an asset is valued in organized markets.

Deferred Delivery and Certainty of Future Ownership

- Buyers pay a premium for assured future delivery at a known price.
- When delivery of an asset is deferred, buyers often assign additional value to the assurance of obtaining that asset at a known price and future date.

- This commercial preference for certainty and secured access contributes to the agreed markup between the spot purchase and forward sale prices.

Volatility and Market Expectations

- Option and forward prices incorporate the collective expectation of how uncertain future prices may be.

- When volatility rises, participants value the ability to transact at a known price more highly, which elevates the price agreed for deferred delivery.

- Thus, greater uncertainty/volatility in market outlook generally widens the di˜erential between current and future transaction values.

Supply and Demand Across Time Horizons

- Prices for immediate and deferred transactions are shaped by relative demand in each market segment.

- Spot and forward markets coexist, each with distinct participant needs.

- Periods when investors or institutions prefer to lock in future supply create incremental demand in the deferred segment.

- That imbalance in demand between present and future horizons naturally shapes the level of markup embedded in forward prices.

Clearing, Liquidity and Settlement Assurance

- Forward trades executed through regulated exchanges and clearinghouses benefit from standardized rules, collateralization, and guaranteed settlement.

- This institutional reliability increases confidence in future delivery, and that assurance supports firm, consistent pricing for deferred trades.

- Liquidity in these markets can enable the forward–spot di˜erential to reflect broad market consensus and transparent price discovery, giving the markup observed in KWIN's structure a defined basis.

Each of these factors reflects real-economy considerations, including market expectations, future delivery timing, need for certainty, volatility, demand dynamics, and market structure - that together determine the fair value of deferred delivery.

The resulting markup represents the lawful trade profit captured in KWIN's recurring sale cycles.

The magnitude of the markup* reflects prevailing market conditions and the specific delivery terms agreed at trade inception, all of which are defined and fixed at the time of sale.

*Volatility or adverse market trends can also increase risk, reducing or eliminating the markup, resulting in losses.

The Flow of Alternative Income Through the Fund

1. **Trade Settlement**: Upon expiration of each sale cycle, KWIN delivers the equities through regulated clearing members (OCC) and receives the pre-agreed sale proceeds.

2. **Realization of Markup:** The di˜erence between the initial purchase cost and the final aggregate sale proceeds is recognized as realized trade income.

3. **Reinvestment**: KWIN re-invests the proceeds into new eligible equities, repeating the trade cycle and compounding its base capital.

Throughout this cycle, every unit of profit is tied to a completed sale transaction.

This process does not guarantee positive returns. If the market value of equities declines during the trade cycle, the Fund may realize a loss.

5. Why Wahed Positions KWIN As a Complementary Alternative to Sukuk

The Strategic Problem: Limited Growth and Yield in the Sukuk Market

Over the last two decades, Sukuk have become the backbone of Islamic income investing. Yet despite their scale, the Sukuk market faces persistent structural limitations that have constrained investor outcomes:

Issuer concentration and credit risk: The majority of global Sukuk issuance originates from sovereign and quasi-sovereign entities, leaving investors concentrated in a few Gulf and Malaysian issuers.

This limits geographic diversification, as most issuers are emergingmarket sovereigns or quasi-sovereigns, and leaves investors exposed to correlated credit dynamics.

Limited secondary liquidity and high transaction costs: Most Sukuk trade over the counter rather than on exchanges, with wide bid-ask spreads, lengthy settlement cycles, and inconsistent market-making support.

These frictions create higher transaction costs and limited price transparency, reducing investors' ability to rebalance or access liquidity eÿciently .

Benchmark dependence: Many Sukuk returns are pegged to conventional interest benchmarks (SOFR[1], LIBOR[2], or equivalent), creating an uncomfortable perceived dependence on riba-linked reference rates.

[1]SOFR : Secured Overnight Financing Rate
[2]LIBOR : London Interbank O˜ered Rate

Form–substance gap in economic structure: Many Sukuk structures, although compliant in legal form, deliver return profiles similar to fixed -income instruments and are often perceived as replicating debt-like economics.

Investors increasingly seek trade- and asset-based alternatives that reflect genuine commercial exchange and ownership of real assets.

Supply bottlenecks: Issuance volumes depend on corporate or sovereign borrowing appetite, leaving investors with periodic shortages of new, high-quality paper.

Sukuk have provided a stable, Shariah-compliant income avenue, yet some of their structural characteristics like concentrated issuance, limited liquidity, cost ineÿcienc y, benchmark dependence, and supply constraints, cap their scalability.

For investors seeking liquid, and trade-based sources of alternative income, these limitations underscore the need for complementary instruments such as KWIN that expand the spectrum of Shariahcompliant income solutions.

KWIN is exposed to equity market risk and is non-diversified. The statement regarding diversification does not apply to regulatory diversification under the Investment Company Act of 1940. Declines in underlying equity values can result in losses, as detailed in the prospectus.

6. Glossary of Islamic Terms

Term	Arabic	Definition
Bayʿ Muʾajjal	بيع مؤجل	A deferred payment sale where the price is fixed at the time of contract but payment is postponed to a future date. The sale must involve an owned, deliverable asset -not money for money- and the profit represents a legitimate trade margin, not interest.
Khiy˝r	خيار	A contractual option or choice granted to one or both parties to confirm or rescind a sale within a specified period. In Shariah, this right cannot be sold separately as an independent asset.
Gharar	غرر	Excessive uncertainty or ambiguity in a contract that a˜ects its fundamental terms (such as subject, price, or delivery). Contracts involving major gharar are invalid because they create unjust risk and dispute.
Maysir	ميسر	Speculation or gambling, where profit depends purely on chance or uncertain outcomes rather than lawful e˜ort or trade. Maysir is categorically prohibited in the Qur'an (Al-M˝'idah 5:90).
Qabd	قبض	Possession - either physical (ḥaqˆqˆ) or constructive (ḥukmˆ). It refers to the transfer of ownership control and the ability to dispose of the asset. A sale is valid only after qabd of the sold item.
Qabd Ḥukmˆ	قبض حكمي	Constructive possession, where actual delivery has not occurred but all rights of ownership and control have been legally transferred (e.g., assets held in custody or escrow on behalf of the buyer).

Term	Arabic	Definition
Bayʿ M˝ L˝ Yamlik	بيع ما لا يملك	The sale of something one does not own. Such a sale is void in Shariah, as the seller must first own and possess the asset before selling it.
Rib˝	ربا	Usury or interest, any predetermined excess charged on loans or exchanges of money-for-money without underlying trade or risk-sharing. Categorically prohibited in the Qur'an (Al-Baqarah 2:275–279).
ʿAqd	عقد	Contract — a binding agreement between two parties that creates enforceable Shariah rights and obligations once its conditions and pillars are fulfilled.
ʿUrf	عرف	Customary practice recognized by the Shariah so long as it does not contradict clear textual rulings. Often used to interpret contract terms or market conventions.
Sukuk	صكوك	Islamic investment certificates representing proportionate ownership in underlying assets, usufructs, or services. Returns arise from the performance of these assets, not interest-bearing debt.
Maq˝ṣid al-Shar^ʿah	مقاصد الشريعة	The higher objectives of Shariah — including preservation of faith, life, intellect, wealth, and lineage — guiding the ethical and social purpose of Islamic law. In finance, they emphasize fairness, transparency, and real economic value.

For standard performance, top 10 holdings, risks, and other fund information on the KraneShares Wahed Alternative Income Index ETF (Ticker: KWIN), please visit www.kraneshares.com/kwin or consult your financial advisor.

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.kraneshares.com/kwin. Read the prospectus carefully before investing.

Risk Disclosures:

Investing involves risk, including possible loss of principal. There can be no assurance that a Fund will achieve its stated objectives. Indices are unmanaged and do not include the e˜ect of fees. One cannot invest directly in an index.

This information should not be relied upon as research, investment advice, or a recommendation regarding any products, strategies, or any security in particular. This material is strictly for illustrative, educational, or informational purposes and is subject to change. Certain content represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results; material is as of the dates noted and is subject to change without notice.

The Fund may invest in derivatives, which are often more volatile than other investments and may magnify the Fund's gains or losses. A derivative (i.e., futures/forward contracts, swaps, and options) is a contract that derives its value from the performance of an underlying asset. The primary risk of derivatives is that changes in the asset's market value and the derivative may not be proportionate, and some derivatives can have the potential for unlimited losses. Derivatives are also subject to liquidity and counterparty risk. The Fund is subject to liquidity risk, meaning that certain investments may become diÿc ult to purchase or sell at a reasonable time and price. If a transaction for these securities is large, it may not be possible to initiate, which may cause the Fund to su˜er losses. Counterparty risk is the risk of loss in the event that the counterparty to an agreement fails to make required payments or otherwise comply with the terms of the derivative.

By writing call options and buying put options as part of its strategy, the Fund may limit its ability to benefit from increases in the value of its holdings above the options' strike prices, while still being exposed to declines in value. The premiums received from selling options may not be enough to o˜set losses from volatility or declines in the underlying stocks. The Fund's use of options involves unique risks, including the possibility that options may become illiquid or expire worthless, and that the Fund may not be able to close out positions at desired times or prices. FLEX options, which the Fund uses, may be less liquid than standard options and can only be exercised at expiration.

The value of the Fund's options positions will fluctuate with changes in the value and volatility of the underlying securities. Unusual market conditions or trading suspensions may reduce the e˜ectiveness of the Fund's options strategies, and the Fund's strategies may not work as expected and could result in losses. In addition, the Fund's ability to sell or buy the underlying securities may be limited while options are outstanding, unless the Fund cancels out the option positions by purchasing o˜setting options before expiration.

Transactions in options are centrally cleared through the Options Clearing Corporation (OCC). While the OCC guarantees settlement, there is a risk that the OCC or a clearing member could fail to meet its obligations, which could result in losses for the Fund. If the Fund cannot find a clearing member to transact with, it may be unable to e˜ectively implement its investment strategy.

Premiums received from writing options will generally result in short-term capital gains, which may be taxed at higher rates than long-term capital gains. Because the Index applies Islamic principles, the Fund cannot invest in certain issuers and securities—such as financial companies and interest-paying bonds—which reduces the pool of eligible investments. This may limit investment opportunities and a˜ect performance. The Fund will not earn interest on cash, and securities may become non-compliant after purchase and be held until the Index is rebalanced.

A large number of shares of the Fund is held by a single shareholder or a small group of shareholders. Redemptions from these shareholder can harm Fund performance, especially in declining markets, leading to forced sales at disadvantageous prices, increased costs, and adverse tax e˜ects for remaining shareholders.

Narrowly focused investments typically exhibit higher volatility. The Fund's assets are expected to be concentrated in a sector, industry, market, or group of concentrations to the extent that the Underlying Index has such concentrations. The securities or futures in that concentration could react similarly to market developments. Thus, the Fund is subject to loss due to adverse occurrences that a˜ect that concentration. In addition to the normal risks associated with investing, investments in smaller companies typically exhibit higher volatility. KWIN is non-diversified.

Neither MerQube, Inc. nor any of its aÿliat es (collectively, "MerQube") is the issuer or producer of KraneShares Wahed Alternative Income Index ETF and MerQube has no duties, responsibilities, or obligations to investors in KraneShares Wahed Alternative Income Index ETF. The index underlying the KraneShares Wahed Alternative Income Index ETF is a product of MerQube and has been licensed for use by Krane Funds Advisors, LLC. Such index is calculated using, among other things, market data or other information ("Input Data") from one or more sources (each such source, a "DataProvider").

MerQube® is a registered trademark of MerQube, Inc. This trademark has been licensed for certain purposes by Krane Funds Advisors, LLC in its capacity as the issuer of the KraneShares Wahed Alternative Income Index ETF. KraneShares Wahed Alternative Income Index ETF is not sponsored, endorsed, sold or promoted by MerQube, any Data Provider, or any other third party, and none of such parties make any representation regarding the advisability of investing in securities generally or in KraneShares Wahed Alternative Income Index ETF particularly, nor do they have any liability for any errors, omissions, or interruptions of the Input Data, the MerQube US Shariah Reverse Convertible Index, or any associated data. Neither MerQube nor the Data Providers make any representation or warranty, express or implied, to the owners of the shares/units of KraneShares Wahed Alternative Income Index ETF or to any member of the public, of any kind, including regarding the ability of the MerQube US Shariah Reverse Convertible Index to track market performance or any asset class. The MerQube US Shariah Reverse Convertible Index is determined, composed and calculated by MerQube without regard to Krane Funds Advisors, LLC or the KraneShares Wahed Alternative Income Index ETF. MerQube and Data Providers have no obligation to take the needs of Krane Funds Advisors, LLC, or the owners of KraneShares Wahed Alternative Income Index ETF into consideration in determining, composing, or calculating the MerQube US Shariah Reverse Convertible Index. Neither MerQube nor any Data Provider is responsible for and have not participated in the determination of the prices or amount of KraneShares Wahed Alternative Income Index ETF or the timing of the issuance or sale of KraneShares Wahed Alternative Income Index ETF or in the determination or calculation of the equation by which KraneShares Wahed Alternative Income Index ETF is to be converted into cash, surrendered or redeemed, as the case may be. MerQube and Data Providers have no obligation or liability in connection with the administration, marketing or trading of KraneShares Wahed Alternative Income Index ETF. There is no assurance that investment products based on the MerQube US Shariah Reverse Convertible Index will accurately track index performance or provide positive investment returns. MerQube is not an investment advisor. Inclusion of a security within an index is not a recommendation by MerQube to buy, sell, or hold such security, nor is it considered to be investment advice.

NEITHER MERQUBE NOR ANY OTHER DATA PROVIDER GUARANTEES THE ADEQUACY, ACCURACY, TIMELINESS, AND/OR THE COMPLETENESS OF THE MERQUBE US SHARIAH REVERSE CONVERTIBLE INDEX OR ANY DATA RELATED THERETO (INCLUDING DATA INPUTS) OR ANY COMMUNICATION WITH RESPECT THERETO. NEITHER MERQUBE NOR ANY OTHER DATA PROVIDERS SHALL BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. MERQUBE AND ITS DATA PROVIDERS MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND THEY EXPRESSLY DISCLAIM ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY KRANE FUNDS ADVISORS, LLC, OWNERS OF THE KRANE SHARES WAHED ALTERNATIVE INCOME INDEX ETF, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THEMERQUBE US SHARIAH REVERSE CONVERTIBLE INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANYOF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL MERQUBE OR DATA PROVIDERS BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOSTTIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THE FOREGOING

REFERENCES TO “MERQUBE” AND/OR “DATA PROVIDER” SHALL BE CONSTRUED TO INCLUDE ANY AND ALL SERVICE PROVIDERS, CONTRACTORS, EMPLOYEES, AGENTS, AND AUTHORIZED REPRESENTATIVES OF THE REFERENCED PARTY.

ETF shares are bought and sold on an exchange at market price (not NAV) and are not individually redeemed from the Fund. However, shares may be redeemed at NAV directly by certain authorized broker-dealers (Authorized Participants) in very large creation/redemption units. The returns shown do not represent the returns you would receive if you traded shares at other times. Shares may trade at a premium or discount to their NAV in the secondary market. Brokerage commissions will reduce returns. Beginning 12/23/2020, market price returns are based on the oÿcial c losing price of an ETF share or, if the oÿcial c losing price isn't available, the midpoint between the national best bid and national best o˜er ("NBBO") as of the time the ETF calculates the current NAV per share. Prior to that date, market price returns were based on the midpoint between the Bid and Ask price. NAVs are calculated using prices as of 4:00 PM Eastern Time.

The KraneShares ETFs and KFA Funds ETFs are distributed by SEI Investments Distribution Company (SIDCO), 1 Freedom Valley Drive, Oaks, PA 19456, which is not aÿliat ed with Krane Funds Advisors, LLC, the Investment Adviser for the Funds, or any sub-advisers for the Funds.