

# Understanding KLIP

## KraneShares KWEB Covered Call Strategy ETF

### Are your clients looking for...

- Exposure to China's internet sector?
- Monthly distributions?
- A solution for a slightly bearish to slightly bullish view of the markets?

<b>Ticker</b>	KLIP
<b>Exposure</b>	China internet via KWEB
<b>Strategy</b>	Covered call - Buy/Write
<b>Income</b>	Monthly distributions (up to 2%)
<b>Total Annual Fund Operating Expense</b>	0.93% <sup>1</sup>
<b>Distribution Style</b>	At the month 1 month calls

<b>Ticker</b>	KWEB
<b>Exposure</b>	CSI Overseas China Internet Index
<b>CSI Index Composition</b>	Publicly traded securities on either the Hong Kong Stock Exchange, NASDAQ or NYSE
<b>Total Annual Fund Operating Expense</b>	0.70% <sup>1</sup>

<sup>1</sup> KraneShares as of April 30, 2025

### The Strategy

The KraneShares KWEB Covered Call Strategy ETF (ticker: KLIP) follows a "covered call" or "buy-write" strategy. KLIP buys shares of the KraneShares CSI China Internet ETF (ticker: KWEB) and writes or sells corresponding call options on KWEB. The strategy may smooth any volatility associated with KWEB.

A covered call strategy holds a long position in an asset and sells call options on the same asset. The call option gives the buyer the right, not the obligation, to purchase the asset at a predetermined strike price within a specified period. In exchange for the right, the buyer pays a premium to the seller. The premium serves as an additional monthly distribution to the seller.

### Benefits

- Generating monthly distributions from option premium income
- Potential for high yield if the long position in the shares increases in value
- Potential for some risk mitigation with the option premiums offsetting any potential declines in the underlying asset value.
- Take advantage of growing demand for internet services in China

### Key Considerations

**Investor Understanding and Suitability:** While KLIP simplifies the implementation of a covered call strategy for retail investors, it is essential they have a basic understanding of how options work and the associated trade-offs.

**Limited Upside Potential:** A trade-off of the covered call strategy is that if the underlying asset's price rises significantly above the strike price of the sold call options, the gains are capped.

# Explore ETF Offerings

These ETF offerings and related materials are now available on your firm's microsite.

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## Questions?

Contact our InspereX KraneShares specialists.

### Jon Jimenez

Vice President  
ETF Business Development

561-416-6139

JJimenez@insperex.com

### Dakota Schlater

Associate Vice President  
ETF Business Development Specialist

561-416-6137

DSchlater@insperex.com

### Zach Lupton

Internal Wholesaler  
ETF Sales

561-416-6141

ZLupton@insperex.com



[insperex.com](https://insperex.com)

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The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. Unlike mutual funds, ETF shares are bought and sold at market price, which may be higher or lower than their NAV, and are not individually redeemed from the fund. The degree of liquidity can vary significantly from one ETF to another, and losses may be magnified if no liquid market exists for the ETF's shares when attempting to sell them. **Past performance is no guarantee of future results.**

Diversification and asset allocation do not ensure a profit or guarantee against loss.

**Investors should consider carefully information contained in the prospectus, or if available, the summary prospectus, including investment objectives, risks, charges, and expenses. You can request a prospectus by calling 561-361-1100. Please read the prospectus carefully before investing.**

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