

## SECURITIES NOTE

dated October 22, 2022

**30 030 iX NASDAQ 100 Equities Exchange Traded Notes<sup>1</sup> due April 21, 2031**

issued under

## REGISTRATION DOCUMENT

dated October 04, 2022

## EXCHANGE TRADED NOTES PROGRAMME

*This document constitutes a Security Note for the purposes of AIFC Market Rules No.FR0003 in respect of Exchange Traded Notes, issued by iX NASDAQ 100 Equities SPC Limited.*

This Securities Note dated October 22, 2022 for iX NASDAQ 100 Equities Exchange Traded Notes due April 21, 2031 (the “**Securities Note**”) shall be read in conjunction with the Registration Document for Exchange Traded Notes Programme of AIX FM Limited dated October 04, 2022, including any amendments thereto (the “**Registration Document**”), and the Prospectus Summary for iX NASDAQ 100 Equities Exchange Traded Notes due April 21, 2031 (the “**Prospectus Summary**”) (all three documents together, the “**Prospectus**”). These three documents collectively form the Prospectus for the purposes of AIFC Market Rules No.FR0003.

All provisions of the Registration Document and Prospectus Summary are incorporated in this Securities Note by the reference. In the event of discrepancies between the conditions of the Registration Document and/or Prospectus Summary and this Securities Note conditions of this Securities Note shall prevail.

Terms not otherwise defined herein, shall have the meaning specified in the Registration Document.

This Securities Note together with the Registration Document and the Prospectus Summary upon its publication and effective from November 15, 2022 supersedes the Prospectus of iX NASDAQ 100 Equities SPC Limited Exchange Traded Notes due April 21, 2031 dated 03 May 2022. Starting from November 15, 2022, all relationships between the ETN Holders and the SPC shall be regulated by the Prospectus.

### General

- The iX NASDAQ 100 Equities Exchange Traded Notes (the “**ETNs**”) are senior unsecured debt obligations of iX NASDAQ 100 Equities SPC Limited (the “**SPC**”), a special purpose company incorporated in the AIFC whose sole assets are shares in the Invesco QQQ Shares (NASDAQ ticker symbol: “**QQQ**”) (the “**Shares**”) (the “**Underlying ETF**”) and Cash (together, “**Underlying Assets**”). The base currency of the Underlying ETF is US Dollars (US\$).
- The Underlying ETF is an exchange-traded fund based on the Nasdaq-100 Index (the “**Index**”). The Underlying ETF will, under most circumstances, consist of all of stocks in the Index. The Index includes 100 of the largest domestic and international nonfinancial companies listed on the Nasdaq Stock Market based on market capitalization. The Underlying ETF and the Index are rebalanced quarterly and reconstituted annually. The Underlying ETF and the Index are described in more detail on pages 18 to 20 of this Securities Note.
- The ETNs seek to provide investors a return linked to the performance of the Underlying ETF, reduced by the Expenses. If the price of Shares at the date of your sale of ETNs is greater than the price of Shares at the date of your purchase of ETNs, you will receive less due to accrued Expenses. The amount of accrued Expenses will reduce the amount, if any, you will receive at maturity, upon Redemption or upon Early Termination (as the case may be), which could result in a loss to you on your investment, even if the price of Shares at the date of your sale is greater than the price of Shares at the date of your purchase. **Any payment on the ETNs is subject to the SPC’s ability to pay its obligations as they become due.**
- The ETNs are issued by the SPC, a special purpose company incorporated in the AIFC and governed by the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017). The SPC is a wholly-owned

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<sup>1</sup> This amount represents the current number of ETNs outstanding. The Issuer may issue additional ETNs as further described in the Prospectus.

subsidiary of AIX FM Limited (the “**Management Company**”). The Management Company is itself a wholly-owned subsidiary of the Astana International Exchange Limited (“**AIX**”).

- **An investment in the ETNs involves significant risks and is not appropriate for every investor. The ETNs should be purchased only by knowledgeable investors who understand the potential consequences of investing in the ETNs. Investors should consider their investment horizon as well as potential transaction costs when evaluating an investment in the ETNs and should regularly monitor their holdings of ETNs to ensure that they remain consistent with their investment strategies.**
- The ETNs are senior unsecured debt obligations of the SPC and mature on April 21, 2031.
- The ETNs do not guarantee any return on your investment. Prior to maturity of the ETNs, unless the ETNs are either redeemed or terminated in accordance with their terms, the ETN Holders will only be able to realise the value of their investment by selling the ETNs through a broker that is a trading member of AIX, the stock exchange within the AIFC. On maturity of the ETNs, the ETN Holders will receive Cash and/or Shares and the amount of such Cash and/or the number of Shares will be reduced by the Expenses.
- The ETNs will pay a coupon in the amount of dividends or other distributions related to the Shares owned by the SPC less the payment of taxes and bank commissions.
- The base currency of the ETNs is US Dollars (US\$) and the nominal value of the ETNs shall be expressed in US Dollars (US\$). The nominal value of one ETN calculated as at the date of the initial Prospectus (being April 21, 2021) is equal to 33,96US Dollars (US\$). This nominal value is not a principal amount and, accordingly, does not provide the ETN Holder with a right to claim this amount from the SPC. The value and price of the ETNs will be subject to change on a daily basis, as described in the Prospectus.
- The ETNs are listed and admitted to trading on AIX under the ticker symbol “**IXN**”. The SPC has no obligation to maintain any listing on any exchange or quotation system and no assurance can be given that the listing on AIX will be maintained.
- 3 170 ETNs have been issued by the SPC in the amount of the Initial Placement and are sold off-exchange to the Initial Purchaser where the consideration provided by the Initial Purchaser consists of 317 Shares and cash in the amount of 1 000,00 US Dollars (US\$). This amount represents the amount of the Initial Placement. Following the Initial Placement, ETNs are eligible for any public market sales. The SPC may issue additional ETNs or redeem existing ETNs, as further described in the Prospectus. As at the date of the Securities Note, the issued number of ETNs was 30 030 ETNs.
- Retail investors who qualify as an App Investor may subscribe for ETNs by filing an electronic request with SPC via the App. App Investors (other than Authorised Participant) have no right to require the SPC to redeem ETNs, but an App Investor may file an electronic request with SPC via the App for repurchase of its ETNs.

**Investing in the ETNs involves a number of risks not associated with an investment in conventional debt securities. See the Section headed “Risk Factors” in the Registration Document, the Prospectus Summary and in this Securities Note for more information.**

**Astana International Exchange Ltd (AIX) and its related companies and their respective directors, officers and employees do not accept responsibility for the content of this Prospectus including the accuracy or completeness of any information or statements included in it. Liability for this Prospectus lies with the SPC. Nor has AIX, its directors, officers or employees assessed the suitability of the securities to which this Prospectus relates for any particular investor or type of investor. If you do not understand the contents of this Prospectus or are unsure whether the securities are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.**

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## DEFINITIONS AND KEY TERMS

<b>Acting Law of the AIFC</b>	Has the same meaning as defined in clause 1 of Article 4 of the Constitutional Statute of the Republic of Kazakhstan “On the Astana International Financial Centre” No. 438-V ZRK, dated 7 December 2015.
<b>App</b>	Means a mobile application developed by AIX under brand name “Tabys” and leased out to SPC (acting through the Management Company) based on corresponding sub-license arrangements to facilitating communication and document transactions (subscription or buyback) in respect of ETNs between the SPC and the App Investor. The App can be downloaded to investor’s mobile device subject to the terms of service of the App.
<b>App Investor</b>	A citizen of Kazakhstan who has reached the age of 16 and accepted the terms and conditions of the App Investor Agreement and the terms of service of the App for the purpose of ETN subscription and buyback with SPC.
<b>Coupon Amount</b>	Total amount payable to the ETN Holders equal the sum of the cash dividends received by the SPC after payment of taxes and bank commissions related to the securities of the Underlying ETF owned by the SPC and divided by the number of ETNs outstanding as of the Coupon Record Date.
<b>Coupon Announcement Date</b>	The date on which the SPC announces the next Coupon Record Date, Coupon Amount and Coupon Payment Date.
<b>Coupon Payment Date</b>	Any date being a Business Day within 2 Business Days following the date on which SPC will receive net cash dividends related to the securities of the Underlying ETF.
<b>Coupon Record Date</b>	Record date as declared by the Underlying ETF.
<b>Creation Amount</b>	100 ETNs, subject to the right of the Management Company to modify the Creation Amount at any time at its sole and absolute discretion.
<b>Custodian</b>	Jusan Bank JSC, a legal entity incorporated under the laws of the Republic of Kazakhstan and acting as a custodian for the Shares and Cash owned by the SPC, pursuant to and in accordance with the terms and conditions of the Custody Agreement.
<b>ISIN</b>	KZX000000674.
<b>Maturity Date</b>	April 21, 2031.
<b>Permitted Assets</b>	The assets which the SPC is permitted to hold and own are: <ul style="list-style-type: none"> <li>• Shares; and</li> <li>• Cash.</li> </ul>
<b>Placement Fee</b>	Zero.
<b>Primary Exchange or NASDAQ</b>	Nasdaq, Inc.
<b>Redemption Fee</b>	0.125 percent of a sum equal to the product of the NAV (as at the Business Day preceding the date of the Redemption Notice) multiplied by the number of ETNs redeemed, subject to the right of the Management Company to modify the Redemption Fee at any time at its sole and absolute discretion.
<b>Redemption Amount</b>	100 ETNs, subject to the right of the Management Company to modify the Redemption Amount at any time at its sole and absolute discretion.
<b>SPC</b>	iX NASDAQ 100 Equities SPC Limited (“ <b>SPC</b> ”, “ <b>we</b> ”, “ <b>our</b> ” or “ <b>us</b> ”), a special purpose company, registration number 210240900364, incorporated under the Acting Law of the AIFC on 27 February 2021 with registered address at Mangilik El 55, building 19, Astana, Kazakhstan, telephone +7(717) 223 53 66. The SPC is registered by Astana Financial Services Authority in the public register <a href="https://publicreg.myafsa.com/details/210240900364/">https://publicreg.myafsa.com/details/210240900364/</a> and governed by the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017).
<b>Underlying ETF</b>	Invesco QQQ Shares (NASDAQ ticker symbol: “QQQ”).

## NET ASSET VALUE

As at the date of this Securities Note, the Net Asset Value (“NAV”) was equal to 813,278.62 USD and consist of the following:

Date October 20, 2022

Type of asset	Value, USD
Cash	5,491.56
Shares (3 003 shares in the Invesco QQQ Shares at closing price of 269.11 USD per 1 Share)	808,137.33
Gross asset value	813,628.89
Total accrued Expenses for account of ETN Holders	350.27
NAV	813,278.62
NAV per ETN (with 30 030 ETNs outstanding as at the date of this Securities Note)	27.08

Historical Net Asset Value (since inception, end of month values):

Month	NAV per ETN, USD	Month	NAV per ETN, USD
May 2021	33,70	January 2022	36,54
June 2021	35,75	February 2022	34,91
July 2021	36,75	March 2022	36,48
August 2021	38,28	April 2022	31,54
September 2021	36,07	May 2022	31,03
October 2021	38,88	June 2022	28,23
November 2021	39,64	July 2022	31,74
December 2021	40,03	August 2022	30,11
		September 2022	26,90

## TERM AND CONDITIONS OF THE OFFER

The following is the general terms and conditions of the offer of of ETNs under this Securities Note.

<b>Name of security</b>	iX NASDAQ 100 Equities Exchange Traded Notes
<b>Class of security</b>	Senior unsecured debt notes
<b>Form of security</b>	Book-entered non-bearer securities in uncertificated form
<b>Currency of security</b>	US Dollars
<b>Nominal value</b>	The nominal value of one ETN calculated as at the date of the initial Prospectus (being April 21, 2021) is equal to 33,96 US Dollars (US\$). This nominal value is not a principal amount and, accordingly, does not provide the ETN Holder with a right to claim this amount from the SPC.
<b>Price of security</b>	The value and price of the ETNs will be subject to change on a daily basis, as described in the Prospectus.
<b>Governing law</b>	Acting Law of the AIFC
<b>Issuer</b>	iX NASDAQ 100 Equities SPC Limited
<b>Registrar</b>	Astana International Exchange Registrar Ltd
<b>Issue date</b>	April 21, 2021
<b>Maturity date</b>	April 21, 2031
<b>Offer period</b>	Continuing offering
<b>New issuances</b>	The ETNs are issued on continuous basis in transactions with Authorised Participants. New ETNs are created by virtue of decision of the SPC on approval of the Prospectus.
<b>Coupon</b>	Floating, based on dividends received from the Underlying ETF
<b>Repayment</b>	Bullet at maturity, subject to the right of an Authorised Participant to require the SPC to redeem the ETNs, the right of the SPC to exercise Early Termination or (as the case may be) the right of the SPC to extend the term of the ETNs, each as described in the Prospectus.
<b>ISIN</b>	KZX000000674
<b>Transferability</b>	Freely transferable, no restrictions
<b>Listing and trading</b>	Astana International Exchange Limited
<b>Date of admission to trading</b>	May 18, 2021
<b>Ticker</b>	IXN
<b>Initial issued quantity</b>	3 170
<b>Current issued quantity</b>	30 030
<b>Custodian</b>	Jusan Bank JSC, Republic of Kazakhstan
<b>Auditor</b>	IAC Russell Bedford A+ Partners LLP, Republic of Kazakhstan
<b>Underlying ETF</b>	Invesco QQQ Shares (NASDAQ ticker symbol: “QQQ”).
<b>Ranking of ETNs</b>	The ETNs constitute direct, unconditional and unsecured obligations of the SPC and rank and will rank: (i) <u>pari passu</u> , without any preference among themselves; and (ii) as senior debt with preference over all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in each case, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.
<b>Potential investors</b>	The ETNs are offered to the various categories of potential investors, that are eligible to invest in ETNs. Each potential investor shall consult with his/her financial and/or legal adviser on eligibility on ETNs in light of his/her particular circumstances.
<b>Material interest and conflict of interest</b>	<p>Disclosures on affiliated companies within AIX group.</p> <p>AIX FM Limited is a wholly-owned subsidiary of AIX and acts as a Management company of the SPC and enters into all necessary agreements in the Prospectus on behalf of the SPC. Whereas, AIX CSD, AIX Registrar and AIX MLS are wholly-owned subsidiaries of AIX and may from time to time act as an administrator, registrar, transfer-agent, representative or otherwise as may be required from time to time in relation to the Prospectus, or be otherwise involved in or with other funds and clients which have similar investment objectives to those of the SPC. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the SPC. Each of these companies will, at all times, have regard in such event to its obligations to the SPC and will endeavor to ensure that such conflicts are resolved fairly and taking into account interests of the investors. Each of these companies has measures in place to minimize potential conflicts of interest.</p> <p>The services of companies provided to the SPC are not deemed to be exclusive and each of these companies shall be free to render similar services to others so long as its</p>

	<p>services hereunder are not impaired thereby and to retain for its own use and benefit all fees and other money payable thereby and companies shall not be under any duty to disclose to the SPC any fact or thing which comes to the notice of companies in the course of its rendering similar services to others or in the course of its business in any other capacity or in any manner whatsoever otherwise than in the course of carrying out its duties under contracts with the SPC.</p> <p>Conflicts of interest may also arise due to the widespread business operations of companies and their connected persons (CEO, CFO, Directors). The foregoing parties may effect transactions where those conflicts arise and shall not, subject to the terms of contracts be liable to account for any profit, commission or other remuneration arising. However, all transactions carried out by or on behalf of the SPC will be on arm's length terms.</p> <p>In the event that any conflicts of interest arise, each company will, at all times, have regard in such event to its obligations under contracts and, in particular, to its obligations to act in the best interests of the SPC and the ETN Holder (s) so far as practicable. Companies will endeavor to ensure that such conflicts are resolved fairly and taking into account interests of the investors.</p>
<b>The manner of placement, allocation and method of payment for ETNs</b>	<p>The ETNs are issued and redeemed by the SPC on a continued basis upon the request of the Authorised Participants. Any issuances of the ETNs are to be sold by the SPC to the Authorised Participants off-exchange in exchange for the Shares and Cash in proportion to the NAV. Upon completion of the placement, ETNs are eligible for any public market sales.</p> <p>Retail investors who qualify as an App Investor may subscribe for any number of ETNs or may request SPC to repurchase all or part of its ETNs by filing an electronic request with SPC via the App. Prospective investors may purchase or sell ETNs on AIX through a brokerage firm that is a trading member of AIX. The Authorised Participants have a right to redeem ETNs purchased from the SPC, on AIX or off-exchange. The redemptions of the ETNs are to be made off-exchange. <b>ETN Holders (other than Authorised Participant) have no right to require the SPC to redeem ETNs.</b></p>
<b>The effect the issuance of the ETNs on the capital structure of the SPC</b>	Continuing issuance and redemptions of ETNs (being debentures of the SPC) will not affect the capital structure of the SPC
<b>Particulars of any commissions or other fees to be paid by the SPC in relation to the offer</b>	The SPC is not planning to pay any fees or commissions in relation to the offer (except customarily fees of the Stock Exchange).
<b>All relevant details of the appointment of an underwriter and/or a placing agent</b>	Not applicable, the offer has no underwriter or a placing agent.
<b>Details of the entities which have a firm commitment to act as intermediaries in secondary trading</b>	As stated in this Prospectus, the Stock Exchange at its sole discretion may appoint a market maker to provide two-way bid and ask quotes for secondary trading. Such appointment and provision of trading quotes are not guaranteed and could be terminated at any point of time.

## GENERAL TERMS OF THE ETNS

The following are general terms of the ETNs and other considerations you should take into account when deciding whether to invest in the ETNs.

### What are the ETNs and how do they work?

The ETNs are unsecured senior debt obligations of iX NASDAQ 100 Equities SPC Limited, a special purpose company governed by the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017) and incorporated in the AIFC. The assets of the SPC are a combination of shares in the Underlying ETF (the “**Shares**”) and cash in US Dollars and Kazakhstan tenge in the hands of the SPC (the “**Cash**”).

Over the term of the ETNs, the NAV will generally fluctuate in line with the change in value of the Underlying ETF, reduced by the Expenses (as explained in more detail immediately below).

### Net Asset Value

The NAV equals:

the closing price of a Share as quoted on the Primary Exchange on the preceding Business Day  
multiplied by  
the number of Shares held by the SPC  
plus  
Cash  
plus  
accrued but not received dividends  
plus  
any other assets  
less  
accrued but unpaid Expenses  
less  
accrued but not paid Coupon Amount  
less  
any other liabilities (excluding ETNs issued).

The NAV per ETN calculated by dividing the NAV by number of outstanding ETNs.

In calculation of the market price for securities and value of any other assets or liabilities the SPC usually uses the most appropriate valuation procedure including the closing price for such securities on any major stock exchange as well as other methods.

Besides, the SPC has a right, acting reasonably and prudently, to adjust the calculation of the NAV by excluding or (as the case may be) including certain items in order to determine the correct value of the assets of the SPC.

The NAV is calculated on each Business Day and usually published on the website of the Stock Exchange at [www.aix.kz](http://www.aix.kz) at 11:00 a.m. Astana time on that Business Day.

The NAV is rounded down to the nearest cent.

### Expenses

The SPC shall pay the following expenses:

- operational fees;
- the management fee; and
- other expenses.

The above expenses of the SPC are deducted from, and reflected in the value of the SPC and, accordingly, the NAV. The effect of the SPC paying Expenses is therefore to reduce the NAV.



In addition to the above expenses, the SPC will pay Coupon Amount as described in detail on page 10 of this Securities Note.

Any cash dividends received by the SPC in relation to the Shares owned by the SPC will not be used for the payment of Expenses.

#### *Total Expense Ratio*

The Total Expense Ratio is the ratio of the Expenses, including operational fees and the management fee and the fees charged by the manager of the Underlying ETF, accrued on a daily basis, to the NAV. It is expected (but not guaranteed) that the Total Expense Ratio will not exceed 0.5 percent per annum.

For avoidance of doubt, any extraordinary expenses as well as the Coupon Amount and any withholding (or other taxes) associated with the net cash dividends related to the Shares will not be included in expenses for the purpose of calculation of the Total Expense Ratio.

#### *Right of the Management Company to pay Expenses*

If at any time the Total Expense Ratio exceeds 0.5 percent per annum, the Management Company has a right, but is not obliged, to reimburse the SPC for such shortfall.

The Management Company may, but is not obliged to, pay any operational fees at its own expense, with or without reimbursement from the SPC.

The management fee and operational fees are described in more detail on this page of this Prospectus.

#### *Operational fees*

Operational fees include all costs, charges, fees and expenses incurred in the operation of the SPC, including transactional costs, banking costs, brokerage costs, borrowing costs, the costs and expenses of obtaining and maintaining authorisations or registrations with regulatory authorities, professional fees, expenses for auditing, interest payments and other fees.

#### *Management fee*

In accordance with the Management Agreement, the SPC shall pay a fee to the Management Company for the Management Company's services. Pursuant to and in accordance with the terms and conditions of the Management Agreement, the Management Company may modify the management fee, provided that the Total Expense Ratio may not exceed 0.5 percent per annum.

#### *Calculation and payment of the management fee*

The management fee will be accrued on a daily basis and paid monthly by the SPC.

In the event the SPC has insufficient cash to pay the management fee or other Expenses, the SPC may sell Shares in order to cover such Expenses.

#### *Other Expenses*

In addition to the Expenses indicated above, the SPC may, in exceptional circumstances, deduct costs that relate to the ETNs that arise outside the ordinary course of business such as taxes, litigation expenses and any other extraordinary expenses. These other expenses are for the account of the ETN Holders and, accordingly, will be reflected in the NAV. Any withholding (or other taxes) associated with the net cash dividends related to the Shares owned by the SPC will decrease the Coupon Amount and will not affect the NAV.

### **Substitution of the current Underlying ETF for a new Underlying ETF**

The SPC may change the Underlying ETF at its sole and absolute discretion. The circumstances under which the SPC may change the Underlying ETF include, but are not limited to:

- suspension of trading or delisting of the Shares on the official list of the Primary Exchange; and
- other conditions that may make it practically impossible to sell, purchase or obtain reasonable market prices for the Shares.

Should such conditions occur, the SPC, acting in good faith, must, decide whether to:

- substitute the current Underlying ETF with a new Underlying ETF, which new Underlying ETF shall, in all material respects, be substantially similar to the previous Underlying ETF; or
- exercise its right to Early Termination to redeem all of the outstanding ETNs.

In circumstances where the previous Underlying ETF is substituted for a new Underlying ETF, the SPC shall:

- inform the ETNs Holders by means of a notification on the website of the Stock Exchange at [www.aix.kz](http://www.aix.kz);
- request the suspension of trading of the ETNs on the Stock Exchange;
- suspend the issuance and Redemptions of the ETNs;
- sell, on a best efforts basis, Shares in the previous Underlying ETF;

- purchase, on a best efforts basis, shares in the new Underlying ETF;
- calculate and publish the new NAV; and
- seek a lifting of the trading suspension on the Stock Exchange in respect of the ETNs.

### **Dividends and distributions received from the Shares**

The net cash dividends in US Dollars actually received by the SPC related to the Shares owned by the SPC will be distributed to the ETN Holders in the form of Coupon Amount.

As soon as the SPC receives any net cash dividends from the Shares owned by the SPC, the SPC shall:

- immediately announce payment of coupon (on Coupon Announcement Date);
- on a Coupon Payment date pay the Coupon Amount to the ETN Holders.

The Coupon Amount may differ from the amount of dividends declared by the Underlying ETF because of deduction of foreign withholding or other taxes, transactional or other costs.

In case if the SPC will receive cash dividends in currency other than US Dollars or the SPC will receive other distributions (not in cash), the SPC has a right to take any reasonable actions to convert all and any cash dividends or other distributions received in cash in US Dollars and distribute it to the ETN Holders on the next Coupon Payment Date.

The ETN Holders eligible to receive the Coupon Amount will be those holders on the Coupon Record Date based on the information provided by AIX Registrar to the SPC.

In case if the SPC will receive any cash dividends or other distributions related to the Shares owned by the SPC after the Maturity Date, will be distributed to the ETN Holders in the same manner with the Maturity Date as the Coupon Record Date.

### **Changes to this Securities Note**

The SPC may amend or change this Securities Note at any time in its sole and absolute discretion by the issuance of a supplementary Securities Note.

## RISK FACTORS

Your investment in the ETNs will involve risks. The ETNs are not secured debt and are riskier than ordinary unsecured debt securities. As described in more detail below, the trading price of the ETNs may vary considerably before the Maturity Date due to, among other things, fluctuations in the markets and other events that are difficult to predict and beyond control of the SPC. This Section of the Securities Note describes additional risks related to these ETNs. In addition to these additional risks specific to these ETNs, you need to review the general risks associated with the ETNs in the respective section of the Registration Document and the Prospectus Summary, which are incorporated by reference in this Securities Note.

Besides, there are also risks related to the Underlying ETF as described below.

**The SPC urges you to read the following information about these risks, together with the other information in the Prospectus, before investing in the ETNs.**

### RISK FACTORS RELATED TO THE ETNs

#### **The ETNs bear a floating coupon**

There is no guaranteed or fixed coupon attached to the ETNs. The ETNs are bearing a floating coupon, which directly linked to the cash dividends on the Shares received by the SPC after payment of taxes and bank commissions. In case if the Underlying ETF will stop paying dividends, then the amount of the coupon on the ETNs will be zero.

#### **Amount of coupon paid may not be equal to the amount of dividends declared by the Underlying ETF**

Any coupon paid by the SPC on the ETNs is paid out of net cash dividends received by the SPC after the deduction of taxes and transactional costs. Thus, Coupon Amount will be lower than the amount of dividends declared and paid by the Underlying ETF.

#### **Concentration risk.**

Almost all of the assets of the SPC are invested in the Shares, which creates a significant concentration on the Underlying ETF. Any negative movements in the price of Shares will directly adversely affect the NAV and the market price of ETNs.

#### **The Underlying ETF may be replaced upon the occurrence of certain adverse events**

If certain adverse events were to occur (including but not limited to suspension of trading or delisting of the Shares from the official list of the Primary Exchange) which make it practically impossible to sell or purchase, or (as the case may be) to obtain reasonable market prices for the Shares, then the SPC must, acting in the good faith, decide whether to substitute the current Underlying ETF with a new Underlying ETF, which new Underlying ETF shall, in all material respects, be substantially similar to the previous Underlying ETF, or exercise Early Termination to redeem all of the outstanding ETNs.

#### **The SPC is a recently established entity with limited track record of operation**

The SPC has been established on 30 April 2020 and has limited track record of operation. The SPC is a special purpose vehicle with a passive investment strategy and the asset classes in which it can invest are limited. Investments by the ETN Holders will be used by the SPC to purchase Permitted Assets only. Accordingly, the prospects of the SPC are fully dependent on the market demand for its ETNs and the performance of the Underlying ETF.

### RISK FACTORS RELATED TO THE UNDERLYING ETF

**Below are the principal risks related to the Underlying ETF taken from the prospectus of the Underlying ETF as of the date of this Securities Note. Potential investors are urged to read the full description of risks associated with the Underlying ETF in the most recent prospectus of the Underlying ETF available at <https://www.invesco.com/qqq-etf/en/home.html> prior to the purchase of any ETNs. The prospectus of the Underlying ETF might be changed/updated by the Underlying ETF from time to time as well as risk factors involved.**

The Underlying ETF is subject to certain risks, including the principal risks noted below, any of which may adversely affect the Underlying ETF's net asset value per share, trading price, yield, total return and ability to meet its investment objective. The order of the below risk factors does not indicate the significance of any particular risk factor. The terms used in this Section are defined in the prospectus of the Underlying ETF.

Investors can lose money by investing in Invesco QQQ Shares. Investors should carefully consider the risk factors described below together with all of the other information included in this Prospectus before deciding to invest in Invesco QQQ Shares.

Investment in the Trust involves the risk that the value of the Securities may fluctuate in accordance with changes in the financial condition of the issuers of the Securities, the value of common stocks generally, and other factors. The composition and weighting of the Index Securities and hence the composition and weighting of the Securities held in the Trust also change from time to time.

The financial condition of the issuers of the Securities may become impaired or the general condition of the stock market may deteriorate (either of which may cause a decrease in the value of the Securities and thus in the value of Invesco QQQ Shares). Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic, and banking crises. There can be no assurance that the issuers of the Securities will pay dividends on outstanding shares of common stock. Distributions on the Securities will generally depend upon the declaration of dividends by the issuers of the Securities; the declaration of such dividends generally depends upon various factors, including the financial condition of the issuers and general economic conditions.

The Trust is not actively managed by traditional methods, and therefore the adverse financial condition of an issuer will not result in the elimination of its securities from the Securities held by the Trust unless the Securities of such issuer are removed from the Index.

Holders of common stocks of any given issuer incur more risk than holders of preferred stocks and debt obligations of such issuer because common stockholders, as owners of such issuer, have generally subordinate rights to receive payments from such issuer in comparison with the rights of creditors of, or holders of debt obligations or preferred stocks issued by, such issuer. Further, unlike debt securities which typically have a stated principal amount payable at maturity (whose value, however, will be subject to market fluctuations prior thereto), or preferred stocks which typically have a liquidation preference and which may have stated optional or mandatory redemption provisions, common stocks have neither a fixed principal amount nor a maturity. Common stock values are subject to market fluctuations as long as the common stock remains outstanding. The value of the Securities may therefore be expected to fluctuate over the entire life of the Trust.

Invesco QQQ Shares are subject to the risk of an investment in a portfolio of equity securities in economic sectors in which the Index may be highly concentrated (e.g., technology) as well as to the risks specific to the performance of a few individual component Securities which currently represent a highly concentrated weighting in the Index. These include the risks that the level of stock prices in these sectors or the stock prices of these specific companies may decline, thereby adversely affecting the value of Invesco QQQ Shares. In addition, because it is the policy of the Trust to invest in the securities that comprise the Index, if the Index is concentrated in an industry or group of industries, the portfolio of Securities also will be concentrated in that industry or group of industries. Furthermore, investors should be aware that in the event that one or more stocks which currently have a highly concentrated weighting in the Index were to leave NASDAQ, if a company with a large market capitalization were to list its shares on NASDAQ, or if there were a significant rebalancing of the Index, then the composition and weighting of the Index, and hence the composition and weighting of the Securities in the Trust, would change significantly and the performance of Invesco QQQ Shares would reflect the performance of the new Index as reconfigured.

Companies in the technology industry may be adversely affected by the failure to obtain, or delays in obtaining, financing or regulatory approval, intense competition, both domestically and internationally, product compatibility, consumer preferences, corporate capital expenditure, rapid obsolescence and competition for the services of qualified personnel. Companies in the technology sector also face competition or potential competition with numerous alternative technologies. In addition, the highly competitive technology sector may cause the prices for these products and services to decline in the future. Technology companies may have limited product lines, markets, financial resources or personnel. Companies in the technology industry are heavily dependent on patent and intellectual property rights. The loss or impairment of these rights may adversely affect the profitability of these companies. The technology industry is subject to rapid and significant changes in technology that are evidenced by the increasing pace of technological upgrades, evolving industry standards, ongoing improvements in the capacity and quality of digital technology, shorter development cycles for new products and enhancements, developments in emerging wireless transmission technologies and changes in customer requirements and preferences. The success of sector participants depends substantially on the timely and successful introduction of new products.

Due to the concentration of the Index in sectors characterized by relatively higher volatility in price performance when compared to other economic sectors, the performance of the Index may be more volatile when compared to other broad-based stock indexes. It is anticipated that the price volatility of Invesco QQQ Shares may be greater than the price volatility of other market-traded securities which are issued by investment companies based upon indexes other than the Index.

Investments in the securities of non-U.S. issuers involve risks beyond those associated with investments in U.S. securities. Foreign securities may have relatively low market liquidity, greater market volatility, decreased publicly available

information and less reliable financial information about issuers, and inconsistent and potentially less stringent accounting, auditing and financial reporting requirements and standards of practice comparable to those applicable to domestic issuers. Foreign securities also are subject to the risks of expropriation, nationalization, political instability or other adverse political or economic developments and the difficulty of enforcing obligations in other countries. Investments in foreign securities also may be subject to dividend withholding or confiscatory taxes, currency blockage and/or transfer restrictions and higher transactional costs. As the Trust may invest in securities denominated in foreign currencies, fluctuations in the value of the U.S. dollar relative to the values of other currencies may adversely affect investments in foreign securities and may negatively impact the Trust's returns.

The risks of foreign investments are usually much greater for emerging markets. Investments in emerging market companies may be volatile and considered speculative. Emerging market economies may be riskier because they develop unevenly and may never fully develop. They are more likely to experience hyperinflation and currency devaluations, currency restrictions, capital controls, and capital seizures, which adversely affect returns to U.S. investors. Emerging markets securities may have decreased publicly available and less reliable information about issuers, and inconsistent and potentially less stringent regulatory, disclosure, recordkeeping, accounting, auditing and financial reporting requirements and standards of practice comparable to those applicable to domestic issuers. Emerging market economies usually are subject to greater market volatility, political, social and economic instability, uncertainty regarding the existence of trading markets and more governmental limitations on foreign investment than are more developed markets. Securities law in many emerging market economies is relatively new and unsettled. Therefore, laws regarding foreign investment in emerging market securities, securities regulation, title to securities, and shareholder rights may change quickly and unpredictably. The ability to bring and enforce actions in emerging market countries may be limited, and shareholder claims may be difficult or impossible to pursue. From time to time, the United States or other countries may impose sanctions on various persons, issuers, or countries, which could negatively affect the value of the Fund's investments and make them illiquid. Investments in emerging market economies may be subject to additional transaction costs, delays in settlement procedures, unexpected market closures, and lack of timely information.

Investments in companies located or operating in Greater China (normally considered to be the geographical area that includes mainland China, Hong Kong, Macau and Taiwan) involve risks not associated with investments in the U.S. and other Western nations, such as greater government control over the economy; political, legal and regulatory uncertainty; risk of nationalization, expropriation, or confiscation of property; difficulty in obtaining information necessary for investigations into and/or litigation against Chinese companies, as well as in obtaining and/or enforcing judgments; limited legal remedies for shareholders; alteration or discontinuation of economic reforms; military conflicts, either internal or with other countries; inflation, currency fluctuations and fluctuations in inflation and interest rates that may have negative effects on the economy and securities markets of Greater China; and Greater China's dependency on the economies of other Asian countries, many of which are developing countries. Events in any one country within Greater China may impact the other countries in the region or Greater China as a whole. Further, health events, such as the recent coronavirus outbreak, may cause uncertainty and volatility in the Chinese economy, especially in the consumer discretionary (leisure, retail, gaming, tourism), industrials, and commodities sectors. Additionally, the inability of the Public Company Accounting Oversight Board ("PCAOB") to inspect audit work papers and practices of PCAOB-registered accounting firms in China with respect to their audit work of U.S. reporting companies may impose significant additional risks associated with investments in China.

Investments in Chinese companies may be made through a special structure known as a variable interest entity ("VIE") that is designed to provide foreign investors, such as the Fund, with exposure to Chinese companies that operate in certain sectors in which China restricts or prohibits foreign investments. Investments in VIEs may pose additional risks because the investment is made through an intermediary shell company that has entered into service and other contracts with the underlying Chinese operating company in order to provide investors with exposure to the operating company but does not represent equity ownership in the operating company. As a result, such investment may limit the rights of an investor with respect to the underlying Chinese operating company. The value of the shell company is derived from its ability to consolidate the VIE into its financials pursuant to contractual arrangements that allow the shell company to exert a degree of control over, and obtain economic benefits arising from, the VIE without formal legal ownership. The contractual arrangements between the shell company and the operating company may not be as effective in providing operational control as direct equity ownership, and a foreign investor's (such as the Fund's) rights may be limited. While VIEs are a longstanding industry practice and are well known by Chinese officials and regulators, the structure has not been formally recognized under Chinese law and it is uncertain whether Chinese officials or regulators will maintain their implicit acceptance of the structure. It is also uncertain whether the contractual arrangements, which may be subject to conflicts of interest between the legal owners of the VIE and foreign investors, would be enforced by Chinese courts or arbitration bodies. Prohibitions of these structures by the Chinese government, or the inability to enforce such contracts, from which the shell company derives its value, would likely cause the VIE-structured holding(s) to suffer significant, detrimental, and possibly permanent loss, and in turn, adversely affect the Fund's returns and net asset value.

Export growth continues to be a major driver of China's rapid economic growth. As a result, a reduction in spending on Chinese products and services, the institution of tariffs or other trade barriers (or the threat thereof), or a downturn in any

of the economies of China's key trading partners may have an adverse impact on the Chinese economy. The ongoing trade dispute and imposition of tariffs between China and the United States continues to introduce uncertainty into the Chinese economy and may result in reductions in international trade, the oversupply of certain manufactured goods, substantial price reductions of goods and possible failure of individual companies and/or large segments of China's export industry, which could have a negative impact on the Fund's performance. Events such as these and their consequences are difficult to predict and it is unclear whether further tariffs may be imposed or other escalating actions may be taken in the future. In addition, actions by the U.S. government, such as delisting of certain Chinese companies from U.S. securities exchanges or otherwise restricting their operations in the U.S., may negatively impact the value of such securities held by the Fund.

Additionally, developing countries, such as those in Greater China, may subject the Fund's investments to a number of tax rules, and the application of many of those rules may be uncertain. Moreover, China has implemented a number of tax reforms in recent years, and may amend or revise its existing tax laws and/or procedures in the future, possibly with retroactive effect. Changes in applicable Chinese tax law could reduce the after-tax profits of the Fund, directly or indirectly, including by reducing the after-tax profits of companies in China in which the Fund invests. Chinese taxes that may apply to the Fund's investments include income tax or withholding tax on dividends, interest or gains earned by the Fund, business tax and stamp duty. Uncertainties in Chinese tax rules could result in unexpected tax liabilities for the Fund.

Natural or environmental disasters, such as earthquakes, fires, floods, hurricanes, tsunamis and other severe weather-related phenomena generally, and widespread disease, including pandemics and epidemics, have been and may be highly disruptive to economies and markets, adversely impacting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of the Trust's investments. Additionally, if a sector or sectors in which an index is exposed is negatively impacted to a greater extent by such events, the Trust may experience heightened volatility. Given the increasing interdependence among global economies and markets, conditions in one country, market, or region are increasingly likely to adversely affect markets, issuers, and/or foreign exchange rates in other countries, including the U.S. Any such events could have a significant adverse impact on the value of the Trust's investments.

The current outbreak of the novel strain of coronavirus, COVID-19, has resulted in instances of market closures and dislocations, extreme volatility, liquidity constraints and increased trading costs. Efforts to contain the spread of COVID-19 have resulted in travel restrictions, closed international borders, disruptions of healthcare systems, business operations and supply chains, layoffs, lower consumer demand, defaults and other significant economic impacts, all of which have disrupted global economic activity across many industries and may exacerbate other pre-existing political, social and economic risks, locally or globally. The ongoing effects of COVID-19 are unpredictable and may result in significant and prolonged effects on the Trust's performance.

All of the Securities are currently listed on the Nasdaq Global Select Market or Nasdaq Global Market. The existence of a liquid trading market for certain Securities may depend on whether dealers will make a market in such Securities. There can be no assurance that a market will be made for any of the Securities, that any market for the Securities will be maintained, or that any such market will be or remain liquid. The price at which the Securities may be sold and the value of the Trust will be adversely affected if trading markets for the Securities are limited or absent. Further, the Trust may experience low trading volume and wide bid/ask spreads. Bid/ask spreads vary over time based on trading volume and market liquidity (including for the Securities held by the Trust), and are generally lower if Invesco QQQ Shares have more trading volume and market liquidity and higher if Invesco QQQ Shares have little trading volume and market liquidity. Additionally, in stressed market conditions, the market for Invesco QQQ Shares may become less liquid in response to deteriorating liquidity in the markets for the Trust's portfolio holdings, which may cause a variance in the market price of Invesco QQQ Shares and their underlying value.

Only Participating Parties may engage in creation or redemption transactions directly with the Trust. The Trust has a limited number of institutions that may act as Participating Parties and such Participating Parties have no obligation to submit creation or redemption orders. Consequently, there is no assurance that those Participating Parties will establish or maintain an active trading market for the Shares. This risk may be heightened to the extent that securities underlying the Trust are traded outside a collateralized settlement system. In that case, Participating Parties may be required to post collateral on certain trades on an agency basis (i.e., on behalf of other market participants), which only a limited number of Participating Parties may be able to do. In addition, to the extent that Participating Parties exit the business or are unable to proceed with creation and/or redemption orders with respect to the Trust and no other Participating Party is able to step forward to create or redeem Creation Units, this may result in a significantly diminished trading market for Invesco QQQ Shares, and Invesco QQQ Shares may be more likely to trade at a premium or discount to the NAV and possibly face trading halts and/or delisting. This risk may be heightened for the Trust if it invests in non-U.S. securities, which may have lower trading volumes.

The Trust seeks to track the investment returns, before fees and expenses, of the Index. There is no assurance that Nasdaq will compile the Index accurately, or that the Index will be determined, composed or calculated accurately. While Nasdaq gives descriptions of what the Index is designed to achieve, it generally does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in the Index, and it generally does not guarantee that the Index will be in line with its methodology. Errors made by Nasdaq with respect to the quality, accuracy and completeness of the data within the Index may occur from time to time and may not be identified and corrected by Nasdaq for a period of time, if at all. Therefore, gains, losses or costs associated with Nasdaq's errors will generally be borne by the Trust and its shareholders.

The trading prices of Invesco QQQ Shares in the secondary market generally differ from the Trust's daily NAV and are affected by market forces such as the supply of and demand for Invesco QQQ Shares and underlying securities held by the Trust, economic conditions and other factors. Information regarding the intraday indicative value ("IIV") of Invesco QQQ Shares is disseminated every 15 seconds throughout each trading day by NASDAQ or by market data vendors or other information providers. However, the IIV should not be viewed as a "real-time" update of the Trust's NAV. The IIV is based on the current market value of the published basket of portfolio securities and/or cash required to be deposited in exchange for a Creation Unit and does not necessarily reflect the precise composition of the Trust's actual portfolio at a particular point in time. Moreover, the IIV is generally determined by using current market quotations and/or price quotations obtained from broker-dealers and other market intermediaries and valuations based on current market rates. The IIV may not be calculated in the same manner as the NAV, which (i) is computed only once a day, (ii) unlike the calculation of the IIV, takes into account Trust expenses, and (iii) may be subject, in accordance with the requirements of the 1940 Act, to fair valuation at different prices than those used in the calculations of the IIV. Therefore, the IIV may not reflect the best possible valuation of the Trust's current portfolio. Additionally, the quotations and/or valuations of certain of the Trust's holdings may not be updated during U.S. trading hours if such holdings do not trade in the United States, which could affect premiums and discounts between the IIV and the market price of the Invesco QQQ Shares. The Trust, the Sponsor and their affiliates are not involved in, or responsible for, any aspect of the calculation or dissemination of the IIV, and the Trust, the Sponsor and their affiliates do not make any warranty as to the accuracy of these calculations.

There can be no assurance that the Trust will continue to meet the requirements of NASDAQ necessary to maintain the listing of Invesco QQQ Shares. NASDAQ may, but is not required to, remove the Invesco QQQ Shares of the Trust from listing if: (i) the value of the Trust's Index no longer is calculated or available; (ii) the Trust has more than 60 days remaining until termination and there are fewer than 50 Beneficial Owners of the Invesco QQQ Shares, (iii) the Trust's Index fails to meet certain continued listing standards of NASDAQ; (iv) the IIV of the Trust is no longer calculated or available; or (v) such other event shall occur or condition shall exist that, in the opinion of NASDAQ, makes further dealings on NASDAQ inadvisable. NASDAQ will remove the Invesco QQQ Shares from listing and trading upon termination of the Trust.

An investment in the Trust should also be made with an understanding that the Trust will not be able to replicate exactly the performance of the Index because the total return generated by the Securities will be reduced by transaction costs incurred in adjusting the actual balance of the Securities and other Trust expenses, whereas such transaction costs and expenses are not included in the calculation of the Index. It is also possible that for short periods of time, the Trust may not fully replicate the performance of the Index due to the temporary unavailability of certain Index Securities in the secondary market or due to other extraordinary circumstances. Such events are unlikely to continue for an extended period of time because the Trustee is required to correct such imbalances by means of adjusting the composition of the Securities. It is also possible that the composition of the Trust may not exactly replicate the composition of the Index if the Trust has to adjust its portfolio holdings in order to continue to qualify as a "regulated investment company" under the Code.

The time frames for delivery of Securities, cash, or Invesco QQQ Shares in connection with creation and redemption activity within the Invesco QQQ Clearing Process as set forth herein are based on NSCC's current "regular way" settlement period of two (2) days during which NSCC is open for business (each such day an "NSCC Business Day"). NSCC may, in the future, reduce such "regular way" settlement period, in which case it is anticipated that there would be a corresponding reduction or increase in settlement periods applicable to Invesco QQQ Shares creations and redemptions.

Distribution of dividends to Beneficial Owners is dependent on the payment of dividends by issuers of the Securities.

The Sponsor has currently undertaken to limit ordinary operating expenses of the Trust to 0.20% of the Trust's daily NAV. The Sponsor may, in its sole discretion, discontinue its undertaking to limit ordinary operating expenses of the Trust. In such event, expenses of the Trust could exceed the dividend and other income received by the Trust during each quarter. The Trust will pay any such excess expenses with the proceeds realized from the sale of Securities effected ordinarily whenever the Trustee determines that projected annualized fees and expenses accrued on a daily basis exceed projected annualized dividends and the Trust income accrued on a daily basis by more than 1/100 of one percent (0.01%) of the NAV of the Trust.

The NAV of the Invesco QQQ Shares may not always correspond to market price. The trading price of the Invesco QQQ Shares fluctuates continuously throughout trading hours on the exchange, based on both the relative market supply of, and demand for, the Invesco QQQ Shares and the underlying value of the Trust's portfolio holdings. THIS MAY LEAD TO THE INVESCO QQQ SHARES TRADING AT A PREMIUM OR DISCOUNT TO NAV. Investors therefore should be aware that the aggregate public trading market price of 50,000 Invesco QQQ Shares may be different from the NAV of a Creation Unit size aggregation of Invesco QQQ Shares (i.e., 50,000 Invesco QQQ Shares may trade at a premium over or at a discount to the NAV of a Creation Unit) and similarly the public trading market price per Invesco QQQ Share may be different from the NAV of a Creation Unit on a per Invesco QQQ Share basis. The Sponsor cannot predict whether the Invesco QQQ Shares will trade below, at or above the Trust's NAV. Exchange prices are not expected to correlate exactly with the Trust's NAV due to timing reasons, supply and demand imbalances and other factors. In addition, disruptions to creations and redemptions, including disruptions at market makers, Participating Parties, or other market participants, or periods of significant market volatility or stress, may result in trading prices for the Invesco QQQ Shares that differ significantly from the value of the Trust's underlying holdings, with the result that investors may pay significantly more or receive significantly less than the underlying value of the Invesco QQQ Shares bought or sold. This can be reflected as a spread between the bid and ask prices for the Trust quoted during the day or a premium or discount in the closing price from the Trust's NAV. Additionally, Participating Parties may be less willing to create or redeem the Invesco QQQ Shares if there is a lack of an active market for such Shares or its underlying investments, which may contribute to the Invesco QQQ Shares trading at a premium or discount. The expenses of the Trust, which are accrued daily, are reflected in the NAV of Invesco QQQ Shares in Creation Unit size aggregations.

Trading in Invesco QQQ Shares on NASDAQ may be halted due to market conditions or, in light of NASDAQ rules and procedures for reasons that, in the view of NASDAQ, make trading in Invesco QQQ Shares inadvisable. There can be no assurance that the requirements of NASDAQ necessary to maintain the listing of Invesco QQQ Shares will continue to be met or will remain unchanged. The Trust will be terminated in the event Invesco QQQ Shares are delisted from NASDAQ and are not subsequently relisted on a national securities exchange or a quotation medium operated by a national securities association.

Invesco QQQ Shares are also subject to risks other than those associated with an investment in a broad market portfolio of equity securities in that the selection of the securities included in the Trust's portfolio, the expenses associated with the Trust, or other factors distinguishing an ownership interest in a trust from the direct ownership of a portfolio of securities may affect trading the Invesco QQQ Shares as compared with trading in a broad market portfolio of equity securities.

The Trustee will ordinarily deliver a portfolio of Securities for each Creation Unit size aggregation of Invesco QQQ Shares delivered for redemption, substantially identical in composition to the Securities portion of a Portfolio Deposit as in effect on the date a request for redemption is deemed received by the Trustee. If a redemption is processed through the Invesco QQQ Clearing Process, to the extent that the Securities to be delivered on settlement date are not delivered, they will be covered by NSCC's guarantee of the completion of such delivery. Any Securities not received on settlement date will be marked to the market on a daily basis until delivery is completed. The Trust, to the extent it has not already done so, remains obligated to deliver such Securities to NSCC, and the market risk of any increase in the value of such Securities until delivery is made by the Trust to NSCC could adversely affect the NAV of the Trust. Investors should note that the Securities to be delivered to a redeemer submitting a redemption request outside of the Invesco QQQ Clearing Process that are not delivered to such redeemer are not covered by NSCC's guarantee of completion of such delivery.

The Sponsor of the Trust has been granted a license to use the NASDAQ-100 Index as a basis for determining the composition and the weighting of securities held by the Trust and to use certain trade names and trademarks of Nasdaq. The Trust may be terminated if the license agreement is terminated.

The Trust, like all companies, may be susceptible to operational and information security risks. Cyber security failures or breaches of the Trust or its service providers or the issuers of securities in which the Trust invests, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability of Trust shareholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs. The Trust and its shareholders could be negatively impacted as a result. Similar types of cyber security risks are also present for issuers of securities in which the Trust may invest, which could result in material adverse consequences for such issuers and may cause the Trust's investment in such companies to lose value.

#### **Other risk factors related to the Underlying ETF**

Other risk factors related to the Underlying ETF are described in the Section entitled "Risk Factors" of the prospectus of the Underlying ETF issued in connection with the Shares and available at <https://www.invesco.com/qqq-etf/en/home.html>.



## **USE OF PROCEEDS**

The net proceeds of the issue of the ETNs will be used by the SPC for investments in the Permitted Assets only.

## UNDERLYING ETF

THE INFORMATION IN THIS SECTION HAS BEEN TAKEN “AS IS” FROM THE WEB-SITE ([HTTPS://WWW.INVESCO.COM/QQQ-ETF/EN/HOME.HTML](https://www.invesco.com/qqq-etf/en/home.html)) MAINTAINED FOR THIS UNDERLYING ETF AND THE SPC SHALL NOT BE LIABLE FOR THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS SECTION. BECAUSE THE PERFORMANCE OF THE UNDERLYING ETF DIRECTLY AFFECTS THE VALUE AND PRICE OF THE ETNS POTENTIAL INVESTORS SHOULD REVIEW INFORMATION ABOUT THE UNDERLYING ETF AVAILABLE AT THE WEB-SITE [HTTPS://WWW.INVESCO.COM/QQQ-ETF/EN/HOME.HTML](https://www.invesco.com/qqq-etf/en/home.html) PRIOR TO PURCHASING ANY ETNS.

### Overview

The return on the ETNs is linked to the performance of the Invesco QQQ (NASDAQ: QQQ) (the “**Underlying ETF**”). The Underlying ETF is an exchange-traded fund based on the Nasdaq-100 Index (the “**Index**”). The Index includes 100 of the largest U.S. and international nonfinancial companies listed on the Nasdaq Stock Market based on market capitalization. The Underlying ETF and the Index are rebalanced quarterly and reconstituted annually.

The Underlying ETF is a unit investment trust organized under the laws of the State of New York that issues fractional undivided interests in the Underlying ETF called Invesco QQQ Shares (the “**Shares**”). The Underlying ETF is governed by a standard terms and conditions of trust between The Bank of New York Mellon, a corporation organized under the laws of the State of New York with trust powers (the “**Trustee**”), and NASDAQ Global Funds, the predecessor sponsor to Invesco Capital Management LLC (the “**Sponsor**”). Shares represent fractional undivided ownership interests in the portfolio of stocks held by the Underlying ETF. The Underlying ETF holds all of the stocks of the NASDAQ-100 Index.

### Underlying ETF Characteristics (as of September 30, 2022)

Price/Earnings Ratio	21.05
Forward Price/Earnings Ratio	19.58
Price/Book Ratio	6.55
ROE	46.45%
Avg Market Cap	\$750,877MM

### Underlying ETF Details

Fund Ticker	QQQ	Total Expense Ratio	0.20%
CUSIP #	46090E103	Marginable	Yes
ISIN	US46090E1038	Short Selling	Yes
Intraday NAV	QXV	Options	Yes
Index Ticker	XNDX	Exchange	NASDAQ
Index Provider	NASDAQ OMX Group, Inc.	Inception Date	03/10/1999
Shares Outstanding as of 10/21/2022	547.55MM	Market Value as of 10/21/2022	\$150,861.4MM

### Portfolio characteristics (as of 10/20/2022)

Number of Holdings as of 10/20/2022	102	Distribution Rate	0.75%
SEC 30 Day Yield as of 10/21/2022	0.81%	12 Month Distribution Rate	0.72%

**Top 10 holdings (as of 10/20/2022)**

Issuer	Weight (%)	Issuer	Weight (%)
Apple Inc	13.71%	Alphabet Inc Class A	3.57%
Microsoft Corp	10.48%	Meta Platforms Inc Class A	2.67%
Amazon.com Inc	6.99%	NVIDIA Corp	2.54%
Tesla Inc	3.83%	PepsiCo Inc	2.34%
Alphabet Inc Class C	3.69%	Costco Wholesale Corp	2.03%

**Fees and Expenses Attributable to Underlying ETF**

The expenses of the Underlying ETF are accrued daily and reflected in the net asset value of the Underlying ETF. Until the Sponsor otherwise determines, the Sponsor has undertaken that the ordinary operating expenses of the Underlying ETF will not exceed 0.20% per annum of the daily net asset value of the Underlying ETF, and the Sponsor will reimburse the Underlying ETF or assume invoices on behalf of the Underlying ETF for expenses incurred by the Underlying ETF in excess of such amount.

**Underlying ETF Annual Ordinary Operating Expenses.**

	As a % of Average Net Assets
Trustee's Fee	0.05% *
Nasdaq License Fee	0.08%
Marketing Expenses	0.07% **
Estimated Other Operating Expenses	0.00% ***
Total Gross Expenses	0.20% ****

\* The Trustee's annual fee ranges from 0.04% to 0.10%, based on the net asset value of the Underlying ETF, with a minimum fee amount not to fall below \$180,000.

\*\* Marketing expenses include direct advertising in print and television media, and the cost of production of such advertising, consultant fees and prospectus printing expenses.

\*\*\* Amount represents less than 0.005%.

\*\*\*\* Until the Sponsor otherwise determines, the Sponsor has undertaken that the ordinary operating expenses of the Underlying ETF as calculated by the Trustee will not be permitted to exceed an amount which is 20/100 of one percent (0.20%) per annum of the daily net assets of the Underlying ETF.

**Principal Investment Strategies of Underlying ETF**

The investment objective of the Underlying ETF is to seek to track the investment results, before fees and expenses, of the Index. There can be no assurance that this investment objective will be met fully.

The Underlying ETF holds the portfolio of equity securities and cash and is not actively managed by traditional methods, which typically involve effecting changes in the portfolio of equity securities on the basis of judgments made relating to economic, financial and market considerations. To maintain the correspondence between the composition and weights of the securities in the Underlying ETF and the stocks in the Index, the Trustee adjusts the securities from time to time to

conform to periodic changes in the identity and/or relative weights of Index securities. Changes to the Index are made after the close of the market.

The value of Shares will fluctuate in relation to changes in the value of the Underlying ETF's portfolio of securities. However, at any point in time, the market price of each individual Share may not be identical to the net asset value of such Share. Historically, these two valuations have been very close.

The current value of the Index will ordinarily continue to be reported even when trading is interrupted in its component stocks. In that event, the reported Index level will be based on the current market price of those stocks still being traded (if any) and the last reported prices for those stocks that are not currently trading. As a result, reported Index levels may at times be based on noncurrent price information with respect to some or even all of the stocks in the Index securities.

### **Distributions**

Distributions by the Underlying ETF are made quarterly to the extent that dividends accumulated in respect of the securities and other income, if any, received by the Underlying ETF exceed Underlying ETF's fees and expenses accrued during the quarterly accumulation period which ends on the business day preceding each ex-dividend date for Shares. However, no net dividend distribution will be made in any given quarter, and any net dividend amounts will be rolled into the next accumulation period, if the aggregate net dividend distribution would be in an amount less than 5/100 of one percent (0.05%) of the NAV of the Underlying ETF, unless the Trustee determines that such distribution is required to be made in order to maintain the Underlying ETF's status as a regulated investment company, to avoid the imposition of income or excise taxes on undistributed income. The Trustee further reserves the right to declare special dividends if, in its discretion, it would be otherwise advantageous to the beneficial owners.

The expenses of the Underlying ETF may be as great as or in excess of the dividend and other income to be received by the Underlying ETF during any quarter and, under such circumstances, no quarterly net dividend distributions would be made.

Any net capital gains recognized by the Underlying ETF in any taxable year are to be distributed at least annually. The Underlying ETF may make additional distributions after the end of the year in order to satisfy certain distribution requirements imposed by the Internal Revenue Code of 1986, as amended. Although income distributions, if any, are currently made on a quarterly basis, the Trustee reserves the right to vary the frequency of distributions.

### **Additional information about Underlying ETF**

For more information about Underlying ETF, visit the website at <https://www.invesco.com/qqq-etf/en/home.html>. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus of Underlying ETF; read and consider it carefully before investing.

## SPC

iX NASDAQ 100 Equities SPC Limited, a special purpose company incorporated under the AIFC law on 27 February 2021 and governed by the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017). The LEI (Legal Entity Identifier) code of the SPC is 2549005FJG4IQS4DI608. The SPC passed the necessary resolutions by virtue of which the ETNs have been created.

In addition to incorporating the SPC, the Management Company incorporated a number of special purpose companies in the AIFC. Each special purpose company is expected to issue exchange traded notes linked to the performance of various securities where such notes are intended to be listed and traded on the Stock Exchange.

### **Main business purpose**

iX NASDAQ 100 Equities SPC Limited is incorporated with the principal business purpose of issuing and maintaining ETNs, the purchase of which will enable the ETN holders to participate in the performance (i.e., gains or losses) of the Underlying ETF.

### **Legal form**

iX NASDAQ 100 Equities SPC Limited is incorporated in the form of a special purpose company in accordance with the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017), adopted by the board of directors of the Astana Financial Services Authority JSC.

The AFSA Registrar of Companies has issued a certificate of incorporation with respect to the SPC on 27 February 2021 and included it into the AFSA's public register at <https://publicreg.myafsa.com/details/210240900364/>.

### **Articles of association of the SPC**

The articles of association of the SPC provide that the purpose of the Company is limited to conducting the following Exempt Activities (as such term is defined in the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017)):

- (a) the issuance of exchange traded notes and conduct of any other transactions involving exchange traded notes;
- (b) the acquisition (by way of leasing, title transfer, risk transfer or otherwise), the holding and the disposal of any asset (tangible or intangible, including, for example, receivables and shares) in connection with and for the purpose of the transactions referred to in paragraph (a) above;
- (c) the obtaining of any type of financing (banking or capital markets), the granting of any type of security interest over its assets, the providing of any indemnity or similar support for the benefit of its shareholders or any of its subsidiaries, or the entering into of any type of hedging arrangements, in connection with and for the purpose of the transactions referred to in paragraph (a) above;
- (d) the financing of the shareholder or another special purpose company;
- (e) any other activity approved in writing by the Registrar of Companies of the AIFC; and
- (f) any activity ancillary to an activity mentioned in paragraphs (a) to (f).

In addition, in accordance with the articles of association of the SPC the SPC shall be entitled to own and/or hold only those assets which are permitted to be owned or held under this Prospectus (as this Prospectus may be amended from time to time).

### **Directors**

The Management Company, a wholly-owned subsidiary of AIX, act as the sole director and secretary of the SPC. The appointment of the Management Company, being a body corporate, as a director is permitted under Rule 6.1 of the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017).

### **Prospects of the Issuer**

The SPC is a special purpose vehicle with a passive investment strategy and the asset classes in which it can invest are limited. Investments by the ETN Holders will be used by the SPC to purchase Permitted Assets only. Accordingly, the prospects of the SPC are fully dependent on the market demand for its ETNs and the performance of the Underlying ETF.

**Auditor**

The SPC has appointed IAC Russell Bedford A+ Partners LLP as its Auditor. The audited financial statements prepared in accordance with IFRS are published on the website of the Stock Exchange at [www.aix.kz](http://www.aix.kz) each year not later than the end of May.

**Management Company**

The SPC has appointed the Management Company, a wholly-owned subsidiary of AIX, as the Management Company, as described in the Registration Document. The Management Company and/or its affiliates is responsible for the provision of certain services and has a right to receive the management fee pursuant to the Management Agreement. The SPC is run operationally by the Management Company under the Management Agreement. The Management Company outsources some of its functions from AIX.

**Working Capital Statement**

AIX FM Limited acting as a Director for the SPC believes that in its opinion and based on the passive investment approach of the SPC, the working capital is sufficient for the SPC's present requirements for at least the next 12 months from the date of this Securities Note.

**Additional information***Reasons for the offer*

The ETNs are offered to the potential investors in or from AIFC; net proceeds of the issue of the ETNs will be used by the SPC for investments in the Permitted Assets only. Estimated net amount of the proceeds is equal to the Initial Placement.

*Creditworthiness of the Issuer*

Information about the creditworthiness of the Issuer (earnings coverage ratio; any relevant credit ratings; any other risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes, statement of capitalization and indebtedness) – not applicable.

*Guarantees attached to the ETNs*

There are no guarantees attached to the ETNs.

## FINANCIAL INFORMATION OF THE SPC

### FINANCIAL INFORMATION OF THE SPC

The financial information of the SPC below as at and for the year ended 31 December 2021 was derived from the SPC's Financial Statements 2020, which have been audited by Crowe Audit Astana LLP and were prepared in accordance with IFRS. You should read the following selected financial information in conjunction with the SPC's Financial Statements for the Year ended 31 December 2021 and the notes thereto which are included in the annual report of the SPC, published on the website of AIX.

Except for the information extracted from the Financial Statements this Securities Note do not include any audited or reviewed financial information.

KZT is the presentation currency for the Financial Statements. The Financial Statements and financial information included in this section have, unless otherwise noted, been presented in KZT. All amounts are presented in KZT thousands (unless otherwise noted).

#### ***Rounding***

Certain figures included in this Section of the Securities Note have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

### STATEMENT OF FINANCIAL POSITION OF THE ISSUER

The table below sets forth the statement of financial position of the SPC, as at 31 December 2021.

	As at 31 December 2021
<b>Assets</b>	
Cash at bank	2,796
Financial assets at fair value through profit or loss	429,586
<b>Total assets</b>	<b>432,382</b>
<b>Liabilities</b>	
Financial liabilities at fair value through profit or loss	432,265
Other liabilities	116
<b>Total liabilities</b>	<b>432,381</b>
<b>Equity</b>	
Share capital	1
Retained earnings	-
<b>Total equity</b>	<b>1</b>
<b>Total equity and liabilities</b>	<b>432,382</b>

### STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME OF THE ISSUER

The table below sets forth the statement of profit or loss and comprehensive income of the Issuer for the year ended 31 December 2021.

	From the date of establishment to 31 December 2021
Net gains from financial assets at fair value through profit or loss	42,453
Net losses from financial liabilities at fair value through profit or loss	(41,970)
Dividends income on financial assets	1,000

Remunerations paid on financial liabilities	(850)
<b>Operating income</b>	<b>633</b>
Administrative expenses	(933)
Other gain	(360)
<b>Profit before income tax expense</b>	<b>-</b>
Income tax expense	-
<b>Profit for the period</b>	<b>-</b>
Other comprehensive income for the period	-
<b>Total comprehensive income for the period</b>	<b>-</b>

## STATEMENT OF CASH FLOWS OF THE ISSUER

The table below sets forth the statement of cash flows of the Issuer.

	From the date of establishment to 31 December 2021
<b>Cash flows from operating activities</b>	
Management fee	(364)
Listing expenses and bank services	(2)
<b>Net cash flows used in operating activities</b>	<b>(366)</b>
<b>Cash flows from financial activities</b>	
Placement of exchange traded notes	3,134
Dividends paid	(397)
Contribution of equity	1
<b>Net cash flows from financial activities</b>	<b>2,738</b>
<b>Cash flows from investing activities</b>	
Dividends received from financial assets	397
<b>Net cash flows from investing activities</b>	<b>397</b>
Effect of exchange rates changes on cash and cash equivalents	27
<b>Net change in cash and cash equivalents</b>	<b>2,796</b>
Cash at the date of establishment	-
<b>Cash at the end of the period</b>	<b>2,796</b>

## STATEMENT OF CHANGES IN EQUITY OF THE ISSUER

The table below sets forth the statement of changes in equity of the Issuer.

	Share capital	Retained earnings	Total equity
<b>As at the date of establishment</b>	-	-	-
Contributions of equity	1	-	1
Total comprehensive income	-	-	-
<b>As at 31 December 2021</b>	<b>1</b>	<b>-</b>	<b>1</b>

## SELECTED FINANCIAL INFORMATION

Below is the additional information on selected items.



### Financial assets at fair value through profit or loss

As at 31 December 2021 financial assets at fair value through profit or loss include investment in the form of exchange traded fund.

Issuer	Currency	31 December 2021	
		Number of shares	Market value
Invesco QQQ Trust	USD	2,498	429,586

All financial assets are units in exchange traded fund (“ETF”) acquired in transaction with related party Astana International Exchange Market Liquidity Services Ltd (“AIX MLS Ltd”).

From the date of establishment to 31 December 2021, 2,498 shares with a value of 383,628 thousand tenge and cash of 3,134 thousand tenge were received by the Issuer for the sale of ETNs, issued by the Issuer.

Changes in financial assets are as follows:

	Date of establishment	ETF/ETN exchange	Dividends accrued and not received	Changes in fair value	Foreign exchange	31 December 2021
2021	-	383,628	453	42,453	3,052	429,586

### Financial liabilities at fair value through profit or loss

Issuer	Currency	31 December 2021	
		Number of ETNs	Market value
iX NASDAQ 100 Equities SPC Limited	USD	24,980	432,265

Financial liabilities at fair value through profit or loss include exchange traded notes (“ETN”) issued by the Issuer and sold to the related party AIX MLS Ltd.

From the date of establishment to 31 December 2021 the Issuer made creation of 24,980 ETNs in amount of 386,762 thousand tenge.

The ETNs are unsecured and can be redeemed by the Issuer prior to maturity, which is 21 April 2031.

Changes in financial liabilities are as follows:

	Date of establishment	ETF/ETN exchange	Coupon accrued and unpaid	Changes in fair value	Foreign exchange	31 December
2021	-	385,900	453	41,971	3,941	432,266

### Administrative expenses

	From date of establishment to 31 December 2021
Management fee	482
Custodian service	328
Withholding tax	151

Bank service	32
	993

#### **Other gain**

Other gain is a reimbursement of administrative expenses by Management company in amount of 360 thousand tenge.

#### **Related Party Transactions**

The major transactions with related parties from the date of establishment to 31 December 2021 were as follows:

	From date of establishment to 31 December 2021
<b>Placement of ETNs</b>	
AIX MLS Ltd.	(385,900)
<b>Administrative expenses</b>	
AIX FM Ltd.	(482)
<b>Other gain</b>	
AIX FM Ltd.	360

## RESPONSIBILITY STATEMENT

Subject to the following paragraph, the SPC, having made all the reasonable enquiries, accepts responsibility for this Securities Note, the Prospectus Summary and the Registration Document (in accordance with Section 69 of the AIFC Framework Regulations №18 of 2018 and Part 1 of the AIFC Market Rules №FR0003 of 2017) and confirms that the Prospectus complies with the requirements set out in Section 69 of the AIFC Framework Regulations №18 of 2018 and Part 1 of the AIFC Market Rules №FR0003 of 2017 and contains all information which is material in the context of the issue of the ETNs, that the information contained in the Prospectus is correct to the best of its knowledge and that no material facts or circumstances have been omitted. The information in the Section “Underlying ETF” has been taken “as is” from the website (<https://www.invesco.com/qqq-etf/en/home.html>) maintained for the Underlying ETF and the SPC shall not be liable for the accuracy or completeness of the information contained in that Section. Because the performance of the Underlying ETF directly affects the value and price of the ETNs potential investors should review information about the Underlying ETF available at the website <https://www.invesco.com/qqq-etf/en/home.html> prior to purchasing any ETNs. The SPC confirms that such information has been accurately reproduced and is able to ascertain from the information published on the above-mentioned sources that no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of information is identified where used. The SPC accepts responsibility for correctly extracting such information from the sources and confirms that such information has been correctly extracted from those sources.

Neither the delivery of the Prospectus nor the offering, sale or delivery of any ETNs shall in any circumstances create any implications that there has been no adverse change, or any event reasonably likely to involve an adverse change, in the condition (financial or otherwise) of the Issuer since the date of the Prospectus.