

**PROSPECTUS**  
**of iX China Equities BR Exchange Traded Notes due June 03, 2032**  
**dated February 13, 2024**  
*This Prospectus is amended and restated Prospectus, initially dated June 03, 2022,*  
*for the purposes of AIFC Market Rules*

**General**

- The iX China Equities BR Exchange Traded Notes (the “**ETNs**” or the “**Notes**”) are senior unsecured debt obligations of iX China Equities SPC Limited (the “**SPC**”), a special purpose company incorporated in the AIFC whose sole assets are shares in iShares MSCI China A ETF (Cboe BZX ticker symbol: “**CNYA**”) (the “**Shares**”) (the “**Underlying ETF**”) and Cash. The base currency of the Underlying ETF is US Dollars (US\$).
- The Underlying ETF seeks to track the investment results of the MSCI China A Inclusion Index (the “**Index**”), which is designed to measure the equity market performance in China, as represented by A-shares that are accessible through the Shanghai-Hong Kong Stock Connect program or the Shenzhen-Hong Kong Stock Connect program. A-shares are equity securities of companies based in China that trade on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. The Underlying ETF and the Index are described in more detail on pages 50 to 52 of this Prospectus (this “**Prospectus**”).
- The ETNs seek to provide investors with 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 the exercise by the SPC of its Early Termination Right (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 subsidiary of AIX FM Limited (“**AIX FM**”). AIX FM is itself a wholly-owned subsidiary of 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 June 03, 2032.
- The ETNs do not guarantee any return on your investment and will not pay any coupon. Any dividends paid by the Underlying ETF and received by the SPC will be used for the payment of Expenses and/or reinvestment in Shares. Accordingly, ETN holders will not receive regular or any interest payments. Prior to maturity of the Notes, unless the ETNs are either redeemed or terminated in accordance with their terms, 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, ETN holders will receive Shares which could be supplemented with Cash, and the amount of such Cash and/or the number of Shares will be reduced by the Expenses.
- The base currency of the ETNs is yuan (CNY) and the nominal value of the ETNs shall be expressed in yuan (CNY). The nominal value of one ETN calculated as at the date of the initial Prospectus (being June 03, 2022) is equal to 34,89 yuan (CNY). 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 more detail on pages 18 to 23 of this Prospectus.
- The ETNs are listed and traded on AIX under the ticker symbol “**BRIXC**”, securities are categorized as BR securities to be listed and traded on AIX Belt and Road Market. 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.

- This Prospectus and (if) any changes or amendments to this Prospectus (in the form of supplementary prospectus) will be published on the website of the Stock Exchange (AIX).
- 10 000 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 consisted of 1 471 Shares and cash in the amount of 1,000 US Dollars (US\$). Following the Initial Placement, ETNs are eligible for any public market sales. The Issuer may issue additional ETNs or redeem the existing ETNs as further described in this Prospectus. As at the date of this Prospectus, the issued number of ETNs was 42 890 ETNs.
- Further issuances of the ETNs are to be carried out by the SPC only upon the request of the Authorised Participants. Such additional issuances of the ETNs will be sold by the SPC to the Authorised Participants off-exchange at the price intended to be approximately close to the NAV. Upon completion of the further issuance (On-Going Placement), ETNs are eligible for any public market sales. The ETNs are also offered for subscription or be buybacked by the SPC on a continued basis at retail via the App upon the electronic request of the App Investors which shall be sent pursuant to and in accordance with the terms and conditions set out in the App Investor Agreement and the terms of service of the App. Any issuances of the ETNs are to be sold via subscription or to be bought back by the SPC to/from the Authorised Participants / the App Investors off-exchange at the price intended to be approximately close to the NAV. Alternatively, prospective investors may purchase or sell ETNs on AIX through a brokerage firm that is a trading member of AIX. **ETN holders (other than Authorised Participant(s) and Initial Purchaser(s)) shall have no right to require the SPC to redeem 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” starting on page 24 of this Prospectus 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 the Prospectus lies with the issuer of the Prospectus and other persons such as Experts whose opinions are included in the Prospectus with their consent. Nor has AIX, its directors, officers or employees assessed the suitability of the securities to which the 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 advisor.**

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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>AIFC</b>	Astana International Financial Centre.
<b>AIX Belt and Road Market</b>	A market segment of AIX where the proceeds applied to finance or refinance in part or in full new and/or existing projects that applied to AIX Belt and Road Market Rules BR 1.1.
<b>AIX CSD</b>	Astana International Exchange Central Securities Depository Limited, a private company incorporated under the Acting Law of the AIFC within the AIFC licensed by the Astana Financial Services Authority for securities settlement and depository activities (license no. 092018-001).
<b>AIX Registrar</b>	Astana International Exchange Registrar Limited, a private company incorporated under the Acting Law of the AIFC within the AIFC and registered by Astana Financial Services Authority in the public register <a href="https://publicreg.myafsa.com/">https://publicreg.myafsa.com/</a> . AIX Registrar acts as an agent of the SPC for the purpose of maintaining a register of ETN Holders under a separate agreement with the SPC dated June 03, 2022.
<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 with a view of facilitating communication and documenting transactions (subscription or buyback) in respect of ETN concluded 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 having a legal capacity, who has 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>App Investor Agreement</b>	An agreement concluded between an App Investor and the SPC establishing terms and conditions for ETN subscription and buyback.
<b>App Registry Services Agreement</b>	an agreement concluded between AIX Registrar and the App Investor relating to the provision of the registry services for the recordkeeping of title to ETNs of the App Investor.
<b>Auditor</b>	IAC Russell Bedford A+ Partners LLP, a company, incorporated and operating under the laws of the Republic of Kazakhstan, with its registered office at 202, Al-Farabi Avenue, Almaty, Republic of Kazakhstan.
<b>Authorised Participant</b>	Any legal entity that enters into bulk-sized transactions (subscription or buyback) in respect of ETNs with the SPC on pursuant to and in accordance with the terms and conditions set out in an Authorised Participant Agreement between with the SPC and such legal entity, including Astana International Exchange Market Liquidity Services Limited, a wholly-owned subsidiary of the AIX, which entered into the Authorised Participant Agreement with the SPC on June 03, 2022.
<b>Authorised Participant Agreement</b>	An authorised participant agreement concluded between an Authorised Participant and the SPC establishing terms and conditions for ETNs creation and redemption.
<b>Business Day</b>	Any day that is not a Saturday or Sunday or that is not a day on which banking institutions are generally authorised or obligated by law, regulation or executive order to close in New York, the United States of America, or Astana, Kazakhstan.
<b>BR Expert Committee</b>	An expert committee specializing in projects under the Belt and Road Initiative and established by AIFC.
<b>BR Securities</b>	Securities that are admitted for listing and trading on AIX Belt and Road Market are categorized as BR Securities.

<b>Cash</b>	<p>Cash in US Dollars and Kazakhstan tenge in the hand of the SPC and, to the extent only that they are immediately available for withdrawal or otherwise immediately available to the SPC, all deposits of the SPC with any bank/brokerage company/custodian.</p> <p>Cash is held in a bank account of the SPC and/or in a bank account of the Management Company. This arrangement for holding Cash may be changed by the SPC or the Management Company at their discretion.</p>
<b>Coupon Amount/Coupon Payment Date</b>	Not applicable. The ETNs do not pay any interest payments.
<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>Custody Agreement</b>	A custody agreement № Д-18/82 between the SPC and the Custodian dated May 24, 2022.
<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>Early Termination Right</b>	Right of the SPC to redeem all, but not less than all, of the issued and outstanding ETNs, as described in this Prospectus on page 20.
<b>ETN holder(s)</b>	The end investor, whether an individual or legal entity, who owns ETNs for their own account and enjoys the benefits of ownership of the ETNs, notwithstanding the fact that the ETNs are held or recorded in the depository system of the AIX CSD under another name (for example, under a name of a nominee).
<b>Expenses</b>	All expenses paid by the SPC in connection with the ETNs, as described in this Prospectus on pages 18 to 19.
<b>Expert</b>	A member of BR Expert Committee for the time being.
<b>External Report</b>	An external review provided by the BR Expert Committee in relation to the characterization of issuance of the BR Securities, in the form acceptable to AIX.
<b>Governing Law and Arbitration</b>	<p>The ETNs (including without limitation the binding agreement relating to arbitration between the SPC and the ETN holders), described in the Section headed “Arbitration” below on pages 71 to 72 of this Prospectus, including any non-contractual obligations arising out of or in connection with them, shall be governed by, and construed in accordance with, the Acting Law of the AIFC.</p> <p>Any dispute, controversy, difference or claim, whether contractual or non-contractual, arising out of or in relation to this Prospectus, including its existence, validity, interpretation, performance, breach or termination, shall be referred to and finally resolved by arbitration administered by the IAC in accordance with the IAC Arbitration and Mediation Rules in force on the date on which the Request for Arbitration is filed with the Registrar of the IAC, which Rules are deemed to be incorporated by reference into this Prospectus. Details of the binding nature of the agreement between the SPC and the ETN holders in relation to the Notes are set forth on page 72 of this Prospectus.</p>
<b>IAC</b>	International Arbitration Centre of the AIFC.
<b>IFRS</b>	International Financial Reporting Standards (including international accounting standards, international financial reporting standards and interpretations of those standards) as in force from time to time.
<b>Initial Placement</b>	The direct subscription by the Initial Purchaser of ETNs pursuant to and in accordance with the Subscription Agreement.
<b>Initial Purchaser or AIX MLS</b>	Astana International Exchange Market Liquidity Services Limited, a wholly-owned subsidiary of AIX.
<b>ISIN</b>	KZX000001078.
<b>Issuer or SPC</b>	<p>iX China Equities SPC Limited (“SPC”, “we”, “our” or “us”), a special purpose company, registration number 211240900258, incorporated under the Acting Law of the AIFC on 14 December 2021 (under the initial name of Portfolio 2 SPC Limited and renamed to its current name on May 18, 2022) with a registered address at Mangilik El 55, building 19, Astana, Kazakhstan, telephone +7(717) 223 53 66 and registered by Astana Financial Services Authority in the public register <a href="https://publicreg.myafsa.com/details/211240900258/">https://publicreg.myafsa.com/details/211240900258/</a>. SPC’s activities are</p>

	governed by the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017).
<b>Kazakhstan</b>	Republic of Kazakhstan.
<b>Kazakhstan tenge</b>	Lawful currency of Kazakhstan.
<b>Listing</b>	The ETNs are included to the official list of AIX and admitted to trade on AIX.
<b>Management Company</b>	AIX FM Limited, a private company incorporated under the Acting Law of the AIFC within the AIFC and registered by Astana Financial Services Authority in the public register <a href="https://publicreg.myafsa.com/">https://publicreg.myafsa.com/</a> . AIX FM Limited is a wholly-owned subsidiary of AIX.
<b>Maturity Date</b>	June 03, 2032.
<b>Method of Notification to ETN holders</b>	All notifications to holders of ETNs, as well as the publication of annual reports and other information concerning the ETNs, shall be made available via the AIX's Regulatory Announcement Service at <a href="http://www.aix.kz">www.aix.kz</a> .
<b>Method of Placement</b>	ETNs are issued in exchange for Shares and/or Cash, in each case in such proportion as determined by the Management Company.
<b>Method of Repayment or Redemption</b>	ETNs are redeemed in exchange for Shares and could be supplemented with Cash, in each case in such proportion as determined by the Management Company.
<b>NAV or Net Asset Value</b>	The net asset value of the SPC or ETN (as appropriate) (as further described in the "General Terms of the Notes" Section on page 18 of this Prospectus).
<b>On-Going Placement(s)</b>	ETNs issued from time to time to Authorised Participants in exchange for Shares and/or Cash, in each case at the consideration intended to be approximately close to the NAV.
<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 Date</b>	Any Business Day as determined solely by the SPC at its sole and absolute discretion.
<b>Placement Notice</b>	An irrevocable request provided by the Authorised Participant to the SPC pursuant to and in accordance with the Authorised Participant Agreement.
<b>Primary Exchange or Cboe BZX</b>	Cboe Exchange, Inc.
<b>Redemption(s)</b>	The right of an Authorised Participant or (as the case may be) Initial Purchaser to require the SPC to redeem ETNs as at the Redemption Date, subject in all cases to comply with the procedures described in this Prospectus on page 20.  <b>ETN holders (other than Authorised Participant(s) and Initial Purchaser(s)) shall have no right to require the SPC to redeem ETNs.</b>
<b>Redemption Fee</b>	0.125 percent of a sum equal to the product of the NAV (as of 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 reasonably 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>Redemption Date</b>	Any Business Day as determined by the SPC at its sole and absolute discretion.
<b>Shares</b>	Shares in the Underlying ETF.
<b>Subscription Agreement</b>	An agreement between the SPC and the Initial Purchaser whereby the Initial Purchaser has agreed to purchase 10 000 ETNs from the SPC in exchange for Shares and/or Cash.

<b>Settlement Amount</b>	<p>A consideration to be paid to each ETN holder, who is eligible to receive the Settlement Amount on the Maturity Date or upon execution by SPC of the Early Termination Right, as applicable, subject to certain conditions being satisfied, as described on page 20 of this Prospectus:</p> <ul style="list-style-type: none"> <li>• for those ETN holders that hold at least the Redemption Amount, a combination of Shares and Cash less accrued but unpaid Expenses in proportion to the NAV as at the Business Day preceding the Maturity Date; or</li> <li>• for those ETN holders that hold less than the Redemption Amount, Cash less accrued but unpaid Expenses in proportion to the NAV as at the Business Day preceding the Maturity Date.</li> </ul>
<b>Stock Exchange or AIX</b>	Astana International Exchange Limited, a private company incorporated under the Acting Law of the AIFC within the AIFC and licensed by the Astana Financial Services Authority for operating an exchange (license no. 042018-001).
<b>Term of the ETNs</b>	10 years from the date of issuance of the ETNs, subject to the right of an Authorised Participant or Initial Purchaser to require the SPC to redeem the ETNs, the right of the SPC to exercise its Early Termination Right or (as the case may be) the right of the SPC to extend the term of the ETNs, each as described on pages 18 to 23 of this Prospectus.
<b>Total Expense Ratio</b>	Ratio of the total accrued Expenses to the NAV (as further described in the sub-Section headed “Expenses” in the “General Terms of the Notes” Section on page 18 of this Prospectus).
<b>Underlying ETF</b>	iShares MSCI China A ETF (Cboe BZX ticker symbol: “CNYA”). For a detailed description of the Underlying ETF see pages 50 to 52 of this Prospectus.
<b>United States or US</b>	United States of America, its territories and possessions, and any state of the United States and the District of Columbia.
<b>Yuan, or CNY</b>	Lawful currency of the People’s Republic of China.

## PROSPECTUS SUMMARY

### INTRODUCTION AND WARNINGS

<b>Notes</b>	iX China Equities BR Exchange Traded Notes due June 03, 2032 ISIN: KZX000001078.
<b>Issuer</b>	<p>iX China Equities SPC Limited, a special purpose company, registration number 211240900258, incorporated under the Acting Law of the AIFC on 14 December 2021 (under the initial name of Portfolio 2 SPC Limited and renamed to its current name on May 18, 2022) with registered address at Mangilik El 55, building 19, Astana, Kazakhstan, and governed by the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017).</p> <p>The contact details of the Issuer are: Mangilik El 55, building 19, Astana, Kazakhstan, and its telephone number is +7(717) 223 53 66.</p> <p>The LEI (Legal Entity Identifier) code of the SPC is 25490075WME5J60TLP29.</p>
<b>Person seeking for admission to trading on AIX</b>	iX China Equities SPC Limited
<b>Stock Exchange that approved the Prospectus</b>	Astana International Exchange Limited, 55/19 Mangilik El st., block C 3.4. Astana, Kazakhstan, telephone +7(717) 223 53 66
<b>Date of approval of the Prospectus by the Issuer</b>	February 13, 2024. This Prospectus is amended and restated prospectus, initially approved on June 03, 2022.

*This summary must be read as an introduction to and is qualified in its entirety by the more detailed information contained elsewhere in this Prospectus, and any decision to invest in the ETNs should be based on a consideration of this Prospectus as a whole. Civil liability attaches only to those persons who are included in this summary, including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the ETNs.*

*The ETNs are fully exposed to any decline in the Underlying ETF. If the price of Shares on the date of your sale is less than the price of Shares at the date of your purchase, you will lose some or all of your investment at maturity, upon Redemption or upon the exercise by the SPC of its Early Termination Right (as the case may be).*

### KEY INFORMATION ABOUT THE ISSUER

#### **Who is the Issuer of the Notes?**

<b>Issuer</b>	<p>iX China Equities SPC Limited, a special purpose company, registration number 211240900258, incorporated under the Acting Law of the AIFC on 14 December 2021 (under the initial name of Portfolio 2 SPC Limited and renamed to its current name on May 18, 2022) with a registered address at Mangilik El 55, building 19, Astana, Kazakhstan. The Issuer is registered by Astana Financial Services Authority in the public register <a href="https://publicreg.myafsa.com/details/211240900258/">https://publicreg.myafsa.com/details/211240900258/</a> and governed by the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017).</p> <p>The contact details of the Issuer are: Mangilik El 55, building 19, Astana, Kazakhstan, and its telephone number is +7(717) 223 53 66.</p>
<b>Principal activities of the Issuer</b>	Issuing and maintaining ETNs, the purchase of which will enable ETN holders to participate in the performance (i.e., gains or losses) of the Underlying ETF.



<b>Auditor</b>	The independent auditors of the Issuer are IAC Russell Bedford A+ Partners LLP . The licence for providing audit services is issued by the Ministry of Finance of the Republic of Kazakhstan under number 18013076 on July 03, 2018.
<b>Directors</b>	AIX FM, a wholly-owned subsidiary of AIX, shall act as the sole director and secretary of the Issuer. The appointment of AIX FM, being a body corporate, as a director of the Issuer is permitted in Rule 6.1 of the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017).

iX China Equities SPC Limited is incorporated with the principal business purpose of issuing the ETNs. ETN holders will participate in the performance (i.e., gains or losses) of the Underlying ETF.

AIX FM, a private company limited by shares, incorporated the SPC and is the SPC's sole shareholder. AIX FM was incorporated in AIFC as a private company by AIX on 2 October 2019 with an initial share capital of US\$1,500,000. On March 15, 2023 the Board of Directors of AIX decided to decrease the share capital by US\$1,000,000 with further sale of 100% shares in AIX FM to AIFC Business Connect Ltd. or its affiliate.

As of the date of this Prospectus, the sale was not completed and AIX remains 100% owner in AIX FM Limited. Nothing contained in this Prospectus, and nothing done pursuant to this Prospectus shall constitute nor be construed as a guarantee or commitment, express or implied, with respect to the use of AIX FM's share capital to support the activities of the SPC.

### *What is the key financial information regarding the Issuer?*

#### **STATEMENT OF FINANCIAL POSITION OF THE ISSUER**

The table below sets forth the statement of financial position of the SPC, as at 31 December 2022.

<b>KZT 000'</b>	<b>31 December 2022</b>
<b>Assets</b>	
Cash and cash equivalents	3,592
Financial assets at fair value through profit or loss	91,125
<b>Total Assets</b>	<b>94,717</b>
<b>Equity</b>	
Share capital	1
Retained earnings/(accumulated loss)	-
<b>Total Equity</b>	<b>1</b>
<b>Liabilities</b>	
Financial liabilities at fair value through profit or loss	94,653
Other liabilities	63
<b>Total Liabilities</b>	<b>94,716</b>
<b>Total Equity and Liabilities</b>	<b>94,717</b>

#### **STATEMENT OF COMPREHENSIVE INCOME OF THE SPC**

The table below sets forth the statement of comprehensive income of the SPC for the year ended 31 December 2022.

<b>KZT 000'</b>	<b>2022</b>
Net gain/(loss) from changes in fair value of financial assets	(3,577)
Net gain/(loss) from changes in fair value of financial liabilities	2,797
Dividends income on financial assets	2,333
<b>Operating income</b>	<b>1,553</b>
Administrative expenses	(988)
Other income	223
Net gain/(loss) from foreign currencies	(788)
<b>Profit before income tax expense</b>	<b>-</b>
Income tax expense	-
<b>Profit for the year</b>	<b>-</b>
Other comprehensive income for the year	-
<b>Total comprehensive income for the year</b>	<b>-</b>

There are no any qualifications in the audit report relating to the historical financial information of the SPC.

***What are the key risks that are specific to the Issuer?***

**The ETNs are subject to the credit risk of the SPC**

The ETNs are senior unsecured debt obligations of the SPC and are not, either directly or indirectly, an obligation of any third party. Any payment to be made in respect of the ETNs, including any payment at maturity, upon Redemption or upon the exercise by the SPC of its Early Termination Right (as the case may be), depends on the ability of the SPC to satisfy its obligations as they become due. As a result, any adverse changes in the market's view of the creditworthiness of the SPC will affect the market value, if any, of the ETNs prior to maturity, upon Redemption or upon the exercise by the SPC of its Early Termination Right (as the case may be). In addition, in the event the SPC was to default on its obligations, you may not receive any amounts owed to you under the terms of the ETNs.

**The SPC is a newly established entity without any proven track record**

The SPC has been established on 14 December 2021 and has no proven track record of operation.

**KEY INFORMATION ON THE SECURITIES**

***What are the main features of the Securities?***

<b>The Notes</b>	iX China Equities BR Exchange Traded Notes due June 03, 2032  ISIN: KZX000001078.
<b>Issue Price</b>	The value and price of the ETNs will be subject to change on a daily basis as described in more detail on pages 18 to 23 of this Prospectus
<b>Currency and denomination of the Notes</b>	The base currency of the ETNs is yuan (CNY) and the nominal value of the ETNs shall be expressed in yuan (CNY). The nominal value of one ETN calculated as of the date of initial Prospectus (dated June 03, 2022) was equal to 34,89 yuan (CNY). 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 more detail on pages 18 to 23 of this Prospectus.
<b>The number of Notes issued and their term</b>	Number of ETNs issued: 42 890. The Issuer may issue additional ETNs or redeem existing ETNs as further described in this Prospectus.  Term of the Notes: 10 years from the date of issuance of the ETNs, subject to the right of an Authorised Participant or Initial Purchaser to require the SPC to redeem the ETNs, the right of the SPC to exercise its Early Termination Right or (as the case may be) the right of the SPC to extend the term of the ETNs, each as described on pages 18 to 23 of this Prospectus.
<b>The rights attached to the Notes</b>	Each ETN holder is eligible to receive the Settlement Amount on the Maturity Date, subject to certain conditions being satisfied, as described in more detail on page 20 of this Prospectus.
<b>Issue Date</b>	June 03, 2022. The SPC is obliged to disclose all further issuances of ETNs on AIX.
<b>Maturity Date</b>	June 03, 2032
<b>Interest Rate and Interest Payment Dates</b>	Not applicable. The ETNs do not pay any interest payments.
<b>Transferability</b>	The ETNs are freely transferable in accordance with the relevant legislation of the AIFC.
<b>Ranking of ETNs</b>	The ETNs constitute direct, unconditional and unsecured obligations of the Issuer and rank and will rank: (i) <i>pari passu</i> , 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.

***Where will the Securities be traded?***

The ETNs are listed and traded on the AIX Belt and Road Market, a special market segment of the stock exchange within the AIFC.

***Is there a guarantee attached to the Notes?***

There is no guarantee attached to the Notes.

***What are the key risks that are specific to the Notes?***

**The ETNs may not be a suitable investment for you if:**

- You do not seek an investment with a return linked to the performance of the Underlying ETF which seeks to track the investment results of an index composed of domestic Chinese equities that trade on the Shanghai or Shenzhen Stock Exchange.
- You believe that the price of Shares will decline during the term of the ETNs or the price of the Underlying ETF will not increase by an amount sufficient to offset accrued Expenses.
- You do not understand that the trading price of the ETNs at any time may vary significantly from the NAV and that paying a premium purchase price over the NAV could lead to significant losses in the event you sell the ETNs at a time when such a premium is no longer present in the market place or (as the case may be) the SPC exercises its Early Termination Right.
- You are not willing to accept the risk that you may lose some or all of your investment.
- You are not willing to actively and frequently monitor your investment in the ETNs.
- You do not have sufficient knowledge and experience to evaluate how the ETNs may perform under different conditions or the merits and risks of an investment in the ETNs.
- You do not understand the terms of the investment in the ETNs or are not familiar with the behavior of the Underlying ETF or financial markets generally.
- You are not willing to hold securities that may be redeemed early by the SPC pursuant to the exercise of its Early Termination Right.
- You are not willing to accept the risk that the price at which you are able to sell the ETNs may be significantly less than the amount you invested.
- You do not have sufficient financial resources and liquidity to bear the risks of an investment in the ETNs, including the risk of loss of such investment.
- You seek an investment for which there will be an active secondary market.
- You are not comfortable with the creditworthiness of the SPC as an issuer of the ETNs.

**Investors considering purchasing the ETNs should reach an investment decision only after carefully considering the suitability of the ETNs in light of their particular circumstances.**

**You may lose some or all of your investment**

The ETNs are fully exposed to any decline in the Underlying ETF. If the price of Shares on the date of your sale is less than the price of Shares at the date of your purchase, you will lose some or all of your investment at maturity, upon Redemption or upon the exercise by the SPC of its Early Termination Right (as the case may be).

**The amount of accrued Expenses will reduce the amount of Shares and/or Cash, if any, you will receive at maturity, upon Redemption or upon the exercise by the SPC of its Early Termination Right (as the case may be)**

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, you will receive less due to accrued Expenses. The amount of accrued Expenses will reduce the amount of Shares and/or Cash, if any, you will receive at maturity, upon Redemption or upon the exercise by the SPC of its Early Termination Right (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.

**The NAV on the Maturity Date or the Redemption Date may be less than the NAV on the date of your purchase**

The NAV on the Maturity Date or the Redemption Date may be less than the NAV on the date of your purchase because the NAV is calculated based on the price of Shares on each Business Day less accrued but unpaid Expenses.

**Tax implications if ETNs are excluded from the official list of the Stock Exchange**

If ETNs are excluded from the official list of AIX, all income on ETNs will be subject to taxation based on the Kazakhstan Tax Code. Although the SPC will use its best efforts to maintain the ETNs on the official list of AIX, in circumstances where this is not possible, the exclusion of the ETNs from the official list of AIX may negatively affect the tax position of holders of ETNs for tax purposes, as well as their market price.

**Tax on revenues from Shares owned by the SPC may reduce the NAV**

The SPC may sell the Shares it owns to cover its Expenses. Besides, the redemption of ETNs is reflected as a sale of the Shares. In circumstances where the difference between the price of sale and the initial price of the Shares is positive, such

a positive amount will be included in the aggregate annual income of the SPC according to applicable Kazakhstan tax legislation. Also, the SPC as an owner of Shares may receive dividends or other distributions from the Underlying ETF less possible deductions (taxes, transactional fees, etc.). Such dividends and distributions received will be included in the aggregate annual income of the SPC. It is not guaranteed that, at the end of the calendar year, the deductible expenses of the SPC will be higher than the aggregate annual income and there will be no corporate income tax payable. Accordingly, the SPC may be obliged to pay taxes that will decrease the NAV.

**The SPC may redeem the ETNs prior to the Maturity Date by exercising its Early Termination Right**

On any Business Day, the SPC may elect to redeem all, but not less than all, of the outstanding ETNs with no less than 30 Business Days' prior notice by exercising its Early Termination Right. If the SPC elects to redeem your ETNs pursuant to the exercise by the SPC of its Early Termination Right, you may not be able to reinvest at comparable terms or returns.

**Risk of changing interest rates**

The value of the Underlying ETF may decline when interest rates fall or rise. This decline can occur because the Underlying ETF may subsequently invest in interest-sensitive assets.

**You have no rights or interests in any Shares**

Investing in the ETNs will not make you a holder of any rights or interest in the Underlying ETF (including the Shares). Neither you nor any other holder or owner of the ETNs will have any voting rights, any right to receive fixed dividends or other distributions or any other rights with respect to the Underlying ETF (including the Shares). Accordingly, the return on your ETNs may not reflect the return you would realise if you actually owned the Shares.

**The market value of the ETNs may be influenced by many unpredictable factors**

The market value of your ETNs may fluctuate greatly during the term of the ETNs. Generally, the value of the Underlying ETF will affect the market value of the ETNs more than any other factor. Other factors that may influence the market value of the ETNs include:

- the volatility of the Underlying ETF (i.e., the frequency and magnitude of changes in the value of the Underlying ETF);
- the market price of the Shares; volatility, earnings, financial conditions, corporate, industry and regulatory developments, and other events affecting the companies whose securities are included in the Underlying ETF;
- the prevailing prices and yields for the Shares;
- the time remaining to the maturity of the ETNs;
- supply and demand for the ETNs, including to the extent such supply and demand may be affected by inventory positions held by the SPC or any market maker;
- economic, financial, political, regulatory, geographical, agricultural, judicial or other events that affect the value of the Underlying ETF, or that affect markets generally; and
- the actual and perceived creditworthiness of the SPC.

These factors interrelate in complex ways, and the effect of one factor on the market value of your ETNs may offset or (as the case may be) amplify the effect of other factors.

**The liquidity of the market for the ETNs may vary materially over time and may be limited**

As stated in this Prospectus, the SPC sold the Initial Amount of the ETNs to the Initial Purchaser. Additional ETNs may also be offered and sold from time to time by the SPC to Authorised Participants. In addition, the number of ETNs outstanding or held by persons other than affiliates of the SPC could be reduced at any time due to redemptions of the ETNs. The SPC may suspend or cease sales of the ETNs at any time, at its sole and absolute discretion. Accordingly, the liquidity of the market for the ETNs could vary materially over the term of the ETNs. Only the Authorised Participants or (as the case may be) the Initial Purchaser may request redemption of the ETNs prior to their maturity, and the Redemption is subject to the conditions and procedures described elsewhere in this Prospectus.

**Changes that affect the calculation of the NAV will affect the market value of the ETNs and the Settlement Amount**

The amount payable on the ETNs and their market value could be affected if trading in the Shares is suspended or cancelled, in which case it may become difficult to determine the market value of the ETNs. If events such as these occur, or if the value of the Underlying ETF is not available because of a market disruption event or for any other reason, the SPC will make a good faith estimate at its sole and absolute discretion in its calculation of the NAV.

**Historical values of the Underlying ETF should not be taken as an indication of future performance during the term of the ETNs**

The actual performance of the Underlying ETF over the term of the ETNs, as well as the amount payable at maturity, upon early Redemption or upon the exercise by the SPC of its Early Termination Right, may bear little relation to the

historical performance of the Underlying ETF. As a result, it is impossible to predict whether the price of ETNs will rise or fall.

**There may not be an active trading market in the ETNs; sales in the secondary market may result in significant losses**

The ETNs are expected to be listed on AIX. However, the SPC is not required to maintain any listing of the ETNs on AIX or any other stock or quoted exchange. SPC and its certain affiliates may engage in purchase and resale transactions in the ETNs, although they are not required to do so and may stop at any time. If an active secondary market exists, the SPC expects that ETN holders will purchase and sell the ETNs primarily in this secondary market. Even if an active secondary market for the ETNs exists, it may not provide significant liquidity or trade at prices advantageous to you. As a result, if you sell your ETNs in the secondary market, you may have to do so at a discount from your initial purchase price and you may suffer significant losses.

**KEY INFORMATION ON THE ADMISSION TO TRADING**

***Under which conditions and timetable can I invest in the Notes?***

The ETNs are listed and admitted to trading on AIX Belt and Road Market on June 29, 2022.

**Why is this Prospectus being produced?**

**This Prospectus has been produced for the ETNs to be admitted to trading on AIX. Besides, in accordance with AIFC Market Rules, the SPC may not offer additional ETNs, unless there is an approved prospectus, which is not older than 12 months as at a respective placement date; therefore the SPC shall update the Prospectus from time to time.**

**Conflicts of Interest**

*Disclosures on affiliated companies within AIX group.*

AIX FM is a wholly-owned subsidiary of AIX and acts as a Management company of SPC and enters into all necessary agreements in this Prospectus on behalf of SPC. Whereas, AIX CSD, AIX Registrar and AIX MLS are wholly-owned subsidiaries of AIX and may from time to time act as administrator, registrar, transfer-agent, representative or otherwise as may be required from time to time in relation to this Prospectus, or be otherwise involved in or with other funds and clients which have similar investment objectives to those of 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 endeavour to ensure that such conflicts are resolved fairly and take into account the interests of the investors. Each of these companies has measures in place to minimize potential conflicts of interest.

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 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 it 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 SPC.

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 SPC will be on arm's length terms.

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 take into account the interests of the investors.

**Use of Proceeds**

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

**Estimated Expenses**

The SPC is paying 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 to reduce the NAV.

## NET ASSET VALUE

As at the date of this Prospectus, the Net Asset Value (“NAV”) was equal to 28.57 CNY and consist of the following:

Date

February 13, 2024

Type of asset	Value, CNY
Cash	96,515.97
Shares (6,309 shares in the iShares MSCI China A ETF)	1,128,995.55
Gross asset value	1,225,511.52
Total accrued Expenses for account of ETN Holders	168.87
NAV	1,225,342.65
NAV per ETN	28.57

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

Month	NAV per ETN, CNY	Month	NAV per ETN, CNY
27 June 2022	37,65	March 2023	34,39
June 2022	38,21	April 2023	34,15
July 2022	35,65	May 2023	32,14
August 2022	34,81	June 2023	32,6
September 2022	32,97	July 2023	34,09
October 2022	30,29	August 2023	32,10
November 2022	34,58	September 2023	31,71
December 2022	33,07	October 2023	30,52
January 2023	35,49	November 2023	29,96
February 2023	34,76	December 2023	29,22
		January 2024	27,27

## TERM AND CONDITIONS OF THE OFFER

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

<b>Name of security</b>	iX China Equities BR ETN
<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>	Chinese yuan
<b>Nominal value</b>	The nominal value of one ETN calculated as at the date of the initial Prospectus (being June 03, 2022) is equal to 34,89 yuan (CNY). 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 China Equities SPC Limited
<b>Registrar</b>	Astana International Exchange Registrar Ltd
<b>Issue date</b>	June 03, 2022
<b>Maturity date</b>	June 03, 2032
<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>	None
<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>	KZX000001078
<b>Transferability</b>	Freely transferable, no restrictions
<b>Listing and trading</b>	Astana International Exchange Limited
<b>Date of admission to trading</b>	June 29, 2023
<b>Ticker</b>	BRIXC
<b>Initial issued quantity</b>	10 000
<b>Current issued quantity</b>	42,890
<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>	iShares MSCI China A ETF (Cboe BZX: CNYA).
<b>Ranking of ETNs</b>	The ETNs constitute direct, unconditional and unsecured obligations of the SPC and rank and will rank: (i) pari passu, 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</b>	<p><i>Disclosures on affiliated companies within AIX group.</i></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 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</b>	Not applicable, the offer has no underwriter or a placing agent.



<b>underwriter and/or a placing agent</b>	
<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 may at its sole discretion 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 NOTES

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 China 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 “SPC”). 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 hand of the SPC and, to the extent only that they are immediately available for withdrawal or otherwise immediately available to the SPC, all deposits of the SPC with any bank/brokerage company/custodian (the “Cash”). The Cash is held in a bank account of the SPC and/or in a bank account of the Management Company. This arrangement for holding Cash may be changed by the SPC or the Management Company at their discretion.

Over the term of the ETNs, the NAV will generally fluctuate in line with the change in the 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*  
any other assets  
*less*  
accrued but unpaid Expenses  
*less*  
any other liabilities (excluding ETNs issued).

The NAV per ETN is 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.

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) no later than 11:00 a.m. Astana time on that Business Day.

The NAV is rounded down to the nearest cent.

No interim NAV will be calculated and/or published by any person (including, without limitation, the SPC, AIX FM or AIX).

As a result of On-Going Placement(s) and Redemption(s), and the buying and selling of ETNs on AIX, it is expected (but not guaranteed) that the price of the ETNs traded on AIX will over time closely track the NAV.

### Currency conversion.

The NAV is calculated and published in yuan (CNY). For the purposes of calculation of NAV, all assets and liabilities which are denominated in other currencies will be translated into yuan (CNY) at the prevailing market rates.

### Expenses

The SPC is paying 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.

Any cash dividends or other distributions received by the SPC in relation to the Shares owned by the SPC may be used for the payment of Expenses and/or reinvestment in Shares.

#### *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 1.0 percent per annum.

For the avoidance of doubt, any withholding (or other taxes) associated with any net cash dividends or other distributions 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 1.0 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 below on this page below.

#### *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 1.0 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 ETN holders and, accordingly, will be reflected in the NAV.

#### **Permitted Assets**

The SPC shall be entitled to hold the following assets only:

- Shares; and
- Cash.

The constitutional documents of the SPC further provide that the SPC shall be entitled to own and/or hold only those assets which are permitted for such ownership and/or holding under this Prospectus.

Cash is held in US Dollars and/or Kazakhstan tenge in a bank account of the SPC and/or in a bank account of the Management Company. This arrangement may be changed by the SPC or the Management Company at their discretion. Cash may include cash in hand of the SPC and, to the extent only that they are immediately available for withdrawal or otherwise immediately available to the SPC, all deposits of the SPC with any bank/brokerage company/custodian.

All assets of the SPC in the form of Shares will be held by the Custodian under the terms of the Custody Agreement.

#### *Target asset allocation*

The SPC's target asset allocation and asset allocation ranges are set out in the table below:

Asset Class	Intended Target	Range
Shares	99%	95% - 100%
Cash	1%	0% - 5%

### **Maturity Date and Settlement Amount**

On the Maturity Date the SPC will pay the Settlement Amount to ETN holders in accordance with instructions received from ETN holders, based on the size of their holding:

- for ETN holders holding at least the Redemption Amount, the Settlement Amount will be Shares which could be supplemented with Cash less accrued but unpaid Expenses in proportion to the NAV as at the Business Day preceding the Maturity Date. Any fraction of Shares due will be paid in cash at the closing price of the Shares as quoted on the Primary Exchange on the preceding Business Day; and
- for ETN holders holding less than the Redemption Amount, the Settlement Amount will be a cash amount equal to the NAV as at the Business Day preceding the Maturity Date less accrued but unpaid Expenses.

Accrued but unpaid Expenses will be deducted from the amount of Cash due to the ETN holder. If the amount of Cash due to the ETN holder (taking into account any cash component in respect of any fractions of Shares) is less than the amount of accrued but unpaid Expenses, then the SPC will decrease the number of Shares that are due to such ETN holder and increase the Cash due to such ETN holder, from which the accrued but unpaid Expenses will then be paid in full.

The Settlement Amount will be transferred to ETN holders appearing on the register of ETN holders provided by the AIX Registrar as of the Maturity Date.

On the Maturity Date, the SPC will request that the AIX Registrar cancels all outstanding ETNs.

Each ETN holder will be required to provide its banking and securities accounts details not later than 30 Business Days before the Maturity Date. Such instructions shall be submitted:

- for those ETN holders that hold their ETNs in their securities accounts with brokerage companies who are participants in the AIX CSD, via such brokerage companies; or
- for those ETN holders (including the App Investors) that hold their ETNs in their securities accounts with the AIX Registrar, via the AIX Registrar.

In the event, that no details of either a securities or bank accounts are provided to the SPC within the required time period or such instructions are missing or include inaccurate information or (as the case may be) such instructions lack the required information, the Shares and Cash will be retained by the SPC in escrow. Such unclaimed Shares will be sold after 30 Business Days following the Maturity Date and the monies received from such sale will be held to the order of the relevant ETN holder together with such other retained Cash, in each case to the extent permissible under applicable law and until such time as such ETN holder claims such monies and retained Cash.

### **Early Termination Right**

With at least 30 Business Days' notice, on any Business Day through and including the Maturity Date, the SPC, at its sole and absolute discretion, may redeem all, but not less than all, of the issued and outstanding ETNs. Such redemption will be effected by the SPC by the declaration of a new Maturity Date and respective actions to be undertaken in accordance with procedures described for the Maturity Date.

Any such notification by the SPC of the Early Termination Right is irrevocable.

Upon execution of the Early Termination Right, each ETN holder will receive the Settlement Amount, which will be calculated as described on this page above of this Prospectus. If the amount so calculated is less than zero, the Settlement Amount will be zero.

### **Redemption**

An Authorised Participant or (as the case may be) the Initial Purchaser may submit an irrevocable request in accordance with and pursuant to the Authorised Participant Agreement or (in the case of the Initial Purchaser) the Subscription Agreement (each a "**Redemption Notice**") requiring the SPC to redeem the ETNs provided that any such Redemption Notice is in an amount not less than the Redemption Amount.

Once the Redemption Notice has been confirmed, such Authorised Participant or (as the case may be) Initial Purchaser shall:

- transfer ETNs to the SPC (in the amount specified in the Redemption Notice) and ensure that the SPC receives such ETNs on the Redemption Date; and
- make a cash payment in an amount equal to the Redemption Fee and ensure that the SPC receives the Redemption Fee on the Redemption Date.

Each Redemption Notice shall contain bank and securities account details.

On the Redemption Date, upon receipt of ETNs and the Redemption Fee, the SPC will pay to the Authorised Participant or (as the case may be) Initial Purchaser via the transfer of Shares and Cash less accrued but unpaid Expenses the NAV pro rata to the total number of ETNs outstanding. Any fraction of Shares will be paid in Cash at the closing price of the Shares as quoted on the Primary Exchange on the preceding Business Day.

Accrued but unpaid Expenses will be deducted from the amount of Cash due to the Authorised Participant or (as the case may be) the Initial Purchaser (acting on their own account or for the account of the ETN holder). If the amount of Cash due to the Authorised Participant or (as the case may be) the Initial Purchaser (acting on their own account or for the account of the ETN holder) (taking into account any cash component in respect of any fractions of Shares) is less than the amount of accrued but unpaid Expenses, then the SPC will decrease the number of Shares that are due to the Authorised Participant or (as the case may be) the Initial Purchaser (acting on their own account or for the account of the ETN holder) and increase the Cash due to the Authorised Participant or (as the case may be) the Initial Purchaser (acting on their own account or for the account of the ETN holder), from which the accrued but unpaid Expenses will then be paid in full.

No Redemption Notice will be accepted during the period of 30 calendar days prior to the Maturity Date.

**ETN holders (other than Authorised Participant(s) and Initial Purchaser(s)) shall have no right to require the SPC to redeem ETNs.**

#### **Borrowing**

The SPC does not intend to borrow money. However, the SPC may borrow money for working capital purposes only. It is anticipated that, under normal market conditions, any borrowing by the SPC in aggregate will not exceed 3 (three) percent of the NAV.

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

The SPC may change its decision on Permitted Assets, including change of 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;
- decrease in liquidity of Shares on 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 shall, in all material respects, be substantially similar to the previous Underlying ETF; or
- exercise its Early Termination Right to redeem all of the outstanding ETNs.

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

- inform the holders of ETNs 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.

#### **Safekeeping of the SPC's assets by the Custodian**

In accordance with the terms of the Custody Agreement, Jusan Bank JSC agreed to act as custodian for the Shares. The Custodian is liable for the safekeeping of the Shares owned by the SPC and held in the SPC's securities account with the Custodian.

The SPC has the right at its sole and absolute discretion to appoint another custodian to replace the Custodian and to transfer all the Shares to such custodian.

### **Extension of the ETNs' term**

The SPC may at its sole and absolute discretion and at any time extend the maturity of the ETNs with prior 30 days' written notification to ETN holders by means of a notification on the website of the Stock Exchange at [www.aix.kz](http://www.aix.kz).

Other than the extension of the Maturity Date, all the other terms of the ETNs will remain the same.

### **Placement of ETNs**

The SPC will issue and place ETNs via both the Initial Placement and On-Going Placements.

#### *Initial Placement and Material Details of the Subscription Agreement*

The Initial Placement of ETNs was done via direct subscription from the Initial Purchaser pursuant to and in accordance with the terms and conditions of the Subscription Agreement.

Under the Subscription Agreement, the Initial Purchaser purchased 10 000 ETNs in exchange for 1 471 Shares and cash in the amount of 1,000 US Dollars (US\$).

#### *On-Going Placements*

All On-Going Placements shall be carried out via transactions with Authorised Participants in exchange for Shares and Cash in an amount not less than the Creation Amount in proportion to the NAV as at the date immediately preceding the date of the Placement Notice. The SPC has a right to require an Authorised Participant to pay for the Creation Amount in Cash only.

The SPC has absolute discretion to accept or reject in whole or in part any Placement Notice for ETNs. In addition, the SPC may impose such restrictions as it believes at its sole and absolute discretion are necessary to ensure compliance with applicable legislation and anti-money laundering procedures.

The SPC has a right to modify the Creation Amount at its sole and absolute discretion at any time with prior written notification to the Authorised Participants published on the website of the Stock Exchange at [www.aix.kz](http://www.aix.kz).

The SPC will issue, and the Authorised Participant will receive ETNs on the Placement Date, provided that:

- the Authorised Participant provided an irrevocable placement notice (a “**Placement Notice**”) no later than the Placement Date;
- the SPC received Shares and/or Cash in the quantities specified in the Placement Notice no later than the Placement Date;
- any fraction of Shares that are due by the Authorised Participant shall be paid in Cash at the closing price of the Shares as quoted on the Primary Exchange of the Underlying ETF on the Business Day preceding the date of the Placement Notice; and
- the SPC has signed an Authorised Participant Agreement with the Authorised Participant.

Cash due from the Authorised Participant shall be decreased by the amount of accrued but unpaid Expenses; in case if amount of Cash due from the Authorised Participant (taking into account cash component for any fractions of Shares) is less than the amount of accrued but not paid Expenses, proportionate to the number of ETNs placed, then the Authorised Participant shall deliver fewer Shares in order to net the accrued but not paid Expenses.

On the Placement Date, upon receipt of the Shares and/or Cash, the SPC will issue ETNs to the Authorised Participant as per the instructions provided in the Placement Notice.

ETNs purchased by the Authorised Participants as part of the On-Going Placement(s) may be sold by the Authorised Participant on the AIX or off-exchange to any investors.

The SPC may attract other market participants as Authorised Participants if such other market participants indicate their willingness to so participate.

The material terms of the Authorised Participant Agreement with Astana International Exchange Market Liquidity Services Limited include the procedures regarding On-Going Placement and Redemption described on pages 18 to 23 of this Prospectus. The material terms of the Authorised Participant Agreement with other new Authorised Participants in future are expected to be based on the procedures regarding On-Going Placement and Redemption described in this Prospectus.

### *Retail Direct Subscription*

Retail investor who qualify as an App Investor may subscribe for any offered number of ETNs by filing an electronic request with SPC via the App, subject to the terms and conditions set out in the App Investor Agreement, the terms of service of the App and by opening an account pursuant to and in accordance with Registry Services Agreement. Alternatively, any prospective investor may purchase or sell ETNs on AIX through a brokerage firm that is a trading member of AIX. 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, subject to the terms and conditions set out in the App Investor Agreement and the terms of service of the App.

### *Market Making*

The Authorised Participant may also act as a market maker on the Stock Exchange (subject to compliance with certain conditions). Such activity will be performed in accordance with a market maker agreement signed between the Authorised Participant and the Stock Exchange.

A market maker is expected to perform market making activities providing bid and ask quotes in relation to the ETNs on AIX with the principal purpose, among others, of providing liquidity in respect of the ETNs on AIX.

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

Any net cash dividends or other distributions associated with the Shares and paid to the SPC shall be retained by the SPC and may be used to cover the Expenses of the SPC. The ETN holders have no right or entitlement to any such dividends or other distributions.

The SPC has the right to use any cash owned by it for the purchase of Shares.

### **Split of ETNs**

The SPC may carry out the split of ETNs with sufficient prior notification to ETN Holders. Such notification shall include information on the nature of the transaction, the record date for the register of ETN Holders eligible to participate in such split and the date of split.

On the date of transaction, after the closure of trading, the SPC will deliver additional ETNs to all ETN Holders eligible to participate in such split (those ETN Holders that held ETNs as of the end of business day on a record date).

Between the record date and split date, the SPC may publish two NAVs –one for the previous number of ETNs, the second –for the new number of ETNs.

### **Listing on the Stock Exchange**

The ETNs are included to the official list of AIX and admitted to trade on AIX.

Declaration of BR Securities

In accordance with the external report being part of this Prospectus, the ETNs are admitted to listing and trading on AIX Belt and Road Market and categorized as BR Securities.

### **Information published by the SPC**

The SPC will publish the following information on a daily basis (not later than 11:00 a.m. Astana time) on the Stock Exchange's website at [www.aix.kz](http://www.aix.kz):

- the NAV; and
- the amount of Cash and Shares

### **Notification to ETN holders**

All notifications to holders of ETNs as well as the publication of an annual report and other information concerning the SPC will be carried out in form of notifications via Regulatory Announcement Service at [www.aix.kz](http://www.aix.kz). The SPC can change the notification method with 30 Business Days' prior notice to ETN holders, such notification to be published via Regulatory Announcement Service at [www.aix.kz](http://www.aix.kz). ETN Holders, who are the App Investors, will get notifications via the App.

### **Inquiries of ETN holders**

All inquiries and requests of ETN holders (except notification of the Settlement Amount) shall be sent to the registered address of the SPC as follows: Mangilik El, building 55/19, Astana, Kazakhstan, to the attention of Fund Operation. ETN Holders, who are the App Investors, may send inquiries and requests via the App.

### **Base of calculation**

For all calculations involving the number of days in a year, a calendar year of 365/366 days shall apply.

### **Changes to this Prospectus**

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

## 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 on which the Underlying ETF is traded and other events that are difficult to predict and beyond control of the SPC. Investing in the ETNs is not equivalent to investing directly in the Underlying ETF. This Section of this Prospectus describes the most significant risks relating to an investment in the ETNs.

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

### RISK FACTORS RELATED TO THE ETNs

#### **The ETNs may not be a suitable investment for you**

The ETNs may not be a suitable investment option for you if:

- You do not seek an investment with a return linked to the performance of the Underlying ETF which seeks to track the investment results of an index composed of domestic Chinese equities that trade on the Shanghai or Shenzhen Stock Exchange.
- You believe that the price of Shares will decline during the term of the ETNs or the price of the Underlying ETF will not increase by an amount sufficient to offset accrued Expenses.
- You do not understand that the trading price of the ETNs at any time may vary significantly from the NAV and that paying a premium purchase price over the NAV could lead to significant losses in the event you sell the ETNs at a time when such a premium is no longer present in the market place or (as the case may be) the SPC exercises its Early Termination Right.
- You are not willing to accept the risk that you may lose some or all of your investment.
- You are not willing to actively and frequently monitor your investment in the ETNs.
- You do not have sufficient knowledge and experience to evaluate how the ETNs may perform under different conditions or the merits and risks of an investment in the ETNs.
- You do not understand the terms of the investment in the ETNs or are not familiar with the behaviour of the Underlying ETF or financial markets generally.
- You are not willing to hold securities that may be redeemed early by the SPC pursuant to the exercise of its Early Termination Right.
- You are not willing to accept the risk that the price at which you are able to sell the ETNs may be significantly less than the amount you invested.
- You do not have sufficient financial resources and liquidity to bear the risks of an investment in the ETNs, including the risk of loss of such investment.
- You seek an investment for which there will be an active secondary market.
- You are not comfortable with the creditworthiness of the SPC as the issuer of the ETNs.

**Investors considering purchasing the ETNs should reach an investment decision only after carefully considering the suitability of the ETNs in light of their particular circumstances.**

#### **You may lose some or all of your investment**

The ETNs are fully exposed to any decline in the Underlying ETF. If the price of Shares on the date of your sale is less than the price of Shares at the date of your purchase, you will lose some or all of your investment at maturity, upon Redemption or upon the exercise by the SPC of its Early Termination Right (as the case may be).

#### **The amount of accrued Expenses will reduce the amount of Shares and/or Cash, if any, you will receive at maturity, upon Redemption or upon the exercise by the SPC of its Early Termination Right (as the case may be)**

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, you may receive less due to accrued Expenses. The amount of accrued Expenses will reduce the amount of Shares and/or Cash, if any, you will receive at maturity, upon Redemption or upon the exercise by the SPC of its Early Termination Right (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.

#### **The NAV on the Maturity Date or the Redemption Date may be less than the NAV on the date of your purchase**

The NAV on the Maturity Date or the Redemption Date may be less than the NAV on the date of your purchase because the NAV is calculated based on the price of Shares on each Business Day less accrued but unpaid Expenses.

#### **Tax implications if ETNs are excluded from the official list of the Stock Exchange**



If ETNs are excluded from the official list of the AIX, all income on ETNs will be subject to taxation in Kazakhstan. Although the SPC will use its best efforts to maintain the ETNs on the official list of AIX, in circumstances where this is not possible, the exclusion of the ETNs from the official list of AIX may negatively affect the tax position of holders of ETNs resident in Kazakhstan for tax purposes, as well as their market price.

**Tax on revenues from Shares owned by the SPC may reduce the NAV**

The SPC may sell the Shares it owns to cover its Expenses. Besides, the redemption of ETNs is reflected as a sale of the Shares. In circumstances where the difference between the price of sale and the initial price of the Shares is positive, such a positive amount will be included in the aggregate annual income of the SPC according to applicable Kazakhstan tax legislation. Also, the SPC as an owner of Shares may receive dividends or other distributions from the Underlying ETF less possible deductions (taxes, transactional fees, etc.). Such dividends and distributions received will be included in the aggregate annual income of the SPC. It is not guaranteed that, at the end of the calendar year, the deductible expenses of the SPC will be higher than the aggregate annual income and there will be no corporate income tax payable. Accordingly, the SPC may be obliged to pay taxes that will decrease the NAV.

**The SPC may redeem the ETNs prior to the Maturity Date by exercising its Early Termination Right**

On any Business Day, the SPC may elect to redeem all, but not less than all, of the outstanding ETNs with no less than 30 Business Days' prior notice by exercising its Early Termination Right. If the SPC elects to redeem your ETNs pursuant to the exercise of its Early Termination Right, you may not be able to reinvest at comparable terms or returns.

**Risk of changing interest rates**

The value of the Underlying ETF may decline when interest rates fall or rise. This decline can occur because the Underlying ETF may subsequently invest in interest-sensitive assets.

**You have no rights or interests in any Shares**

Investing in the ETNs will not make you a holder of any rights or interest in the Underlying ETF (including the Shares). Neither you nor any other holder or owner of the ETNs will have any voting rights, any right to receive dividends or other distributions or any other rights with respect to the Underlying ETF (including the Shares). Accordingly, the return on your ETNs may not reflect the return you would realise if you actually owned the Shares.

**The market value of the ETNs may be influenced by many unpredictable factors**

The market value of your ETNs may fluctuate greatly during the term of the ETNs. Generally, the value of the Underlying ETF will affect the market value of the ETNs more than any other factor. Other factors that may influence the market value of the ETNs include:

- the volatility of the Underlying ETF (i.e., the frequency and magnitude of changes in the value of the Underlying ETF);
- the market price of the Shares; volatility, earnings, financial conditions, corporate, industry and regulatory developments, and other events affecting the companies whose securities are included in the Underlying ETF;
- the prevailing prices and yields for the Shares;
- the time remaining to the maturity of the ETNs;
- supply and demand for the ETNs, including to the extent such supply and demand may be affected by inventory positions held by the SPC or any market maker;
- economic, financial, political, regulatory, geographical, agricultural, judicial or other events that affect the value of the Underlying ETF, or that affect markets generally; and
- the actual and perceived creditworthiness of the SPC.

These factors interrelate in complex ways, and the effect of one factor on the market value of your ETNs may offset or (as the case may be) amplify the effect of other factors.

**The liquidity of the market for the ETNs may vary materially over time and may be limited**

As stated in this Prospectus, the SPC will sell the Initial Amount of the ETNs to the Initial Purchaser. Additional ETNs may also be offered and sold from time to time by the SPC to Authorised Participants. In addition, the number of ETNs outstanding or held by persons other than affiliates of the SPC could be reduced at any time due to redemptions of the ETNs. The SPC may suspend or cease sales of the ETNs at any time, at its sole and absolute discretion. Accordingly, the liquidity of the market for the ETNs could vary materially over the term of the ETNs. Only the Authorised Participants or (as the case may be) the Initial Purchaser may request redemption of the ETNs prior to their maturity, and the Redemption is subject to the conditions and procedures described elsewhere in this Prospectus.

**Changes that affect the calculation of the NAV will affect the market value of the ETNs and the Settlement Amount**

The amount payable on the ETNs and their market value could be affected if trading in the Shares is suspended or cancelled, in which case it may become difficult to determine the market value of the ETNs. If events such as these occur, or if the value of the Underlying ETF is not available because of a market disruption event or for any other reason, the SPC will make a good faith estimate at its sole and absolute discretion in its calculation of the NAV.

**Historical values of the Underlying ETF should not be taken as an indication of future performance during the term of the ETNs**

The actual performance of the Underlying ETF over the term of the ETNs, as well as the amount payable at maturity, upon early Redemption or upon the exercise by the SPC of its Early Termination Right, may bear little relation to the historical performance of the Underlying ETF. As a result, it is impossible to predict whether the price of ETNs will rise or fall.

**There may not be an active trading market in the ETNs; sales in the secondary market may result in significant losses**

The ETNs are expected to be listed on AIX. However, the SPC is not required to maintain any listing of the ETNs on AIX or any other stock or quoted exchange. Certain affiliates of the SPC may engage in limited purchase and resale transactions in the ETNs, although they are not required to do so and may stop at any time. If an active secondary market exists, the SPC expects that ETN holders will purchase and sell the ETNs primarily in this secondary market. Even if an active secondary market for the ETNs exists, it may not provide significant liquidity or trade at prices advantageous to you. As a result, if you sell your ETNs in the secondary market, you may have to do so at a discount from your initial purchase price and you may suffer significant losses.

**The SPC may sell additional ETNs, but the SPC is under no obligation to issue or sell additional ETNs at any time. If the SPC sells additional ETNs, the SPC may limit or restrict such sales, and the SPC may stop and subsequently resume selling additional ETNs at any time**

In its sole discretion, the SPC may decide to issue and sell additional ETNs from time to time. Trades of the ETNs will be made at market prices prevailing at the time of sale, at prices related to market prices or at negotiated prices. Additionally, any ETNs held by the SPC or an affiliate in inventory may be resold at prevailing market prices or lent to market participants who may have made short sales of the ETNs. However, the SPC is under no obligation to issue or sell additional ETNs at any time, and if the SPC does sell additional ETNs, the SPC may limit or restrict such sales, and the SPC may stop and subsequently resume selling additional ETNs at any time. If the SPC starts selling additional ETNs, the SPC may stop selling additional ETNs for any reason, which could materially and adversely affect the trading price and liquidity of such ETNs in the secondary market. Furthermore, unless the SPC indicates otherwise, if the SPC suspends selling additional ETNs, the SPC reserves the right to resume selling additional ETNs at any time, which might result in the reduction or elimination of any premium in the trading price.

Suspension of additional issuances of ETNs can also result in a significant reduction in the number of outstanding ETNs if ETN holders subsequently exercise their right to have the ETNs redeemed by the SPC. If the total number of outstanding ETNs has fallen to a level that is close to or below the Redemption Amount, you may not be able to purchase enough ETNs to meet the minimum size requirement in order to exercise your right of Redemption. The unavailability of this right can result in the ETNs trading in the secondary market at discounted prices below the NAV. Having to sell your ETNs at a discounted sale price below the NAV could lead to significant losses. Prior to making an investment in the ETNs, you, together with your financial adviser, should consider whether the trading price is tracking the NAV.

**The NAV and the Settlement Amount are not the same as the closing price or any other trading price of the ETNs in the secondary market**

The NAV and Settlement Amount are not the same as the closing price or any other trading price, which is the price at which you may be able to sell your ETNs in the secondary market, if one exists. The NAV and Settlement Amount are in the form of Shares and/or Cash and calculated as described in this Prospectus.

The trading price of the ETNs at any time is the price at which you may be able to sell your ETNs in the secondary market at such time, if one exists. In the absence of an active secondary market for the ETNs, the last reported trading price may not reflect the actual price at which you may be able to sell your ETNs at a particular time. The trading price of the ETNs at any time may vary significantly from the NAV or Settlement Amount at such time due to, among other things, imbalances of supply and demand, lack of liquidity, transaction costs, credit considerations and bid-offer spreads. Paying a premium purchase price over the indicative value of the ETNs could lead to significant losses in the event you sell your ETNs at a time when such premium is no longer present in the market or the ETNs are called. The SPC may, without providing you notice or obtaining your consent, create and issue ETNs in addition to those offered by this Prospectus having the same terms and conditions as the ETNs. However, the SPC is under no obligation to sell additional ETNs at any time, and the SPC may suspend the issuance of new ETNs at any time without providing you notice or obtaining your consent. If the SPC limits, restricts or stops sales of such additional ETNs, or if the SPC subsequently resumes sales of such additional ETNs, the trading price and liquidity of the ETNs in the secondary market could be materially and adversely affected, including an increase or decline in the premium purchase price of the ETNs.

**The SPC and/or its affiliates or any other third party may publish research, express opinions or provide recommendations that are inconsistent with investing in or holding the ETNs. Any such research, opinions or recommendations could affect the market value of the ETNs**

The SPC and/or its affiliates or any other third party may publish research from time to time on stocks or commodities and other matters that may influence the value of the ETNs, or express opinions or provide recommendations that are

inconsistent with purchasing or holding the ETNs. Any research, opinions or recommendations expressed by the SPC or its affiliates may not be consistent with each other and may be modified from time to time without notice. The ETNs are linked to the Shares that is intended to measure the performance of Shares. Investors should make their own independent investigation of the merits of investing in the ETNs and the Shares to which the ETNs are linked.

#### **Business activities of the SPC or its affiliates may create conflicts of interest**

As noted above, the SPC and its affiliates may engage in trading activities related to the Shares that are not for the account of holders of the ETNs or on their behalf. These trading activities may present a conflict between the holders' interest in the ETNs and the interests the SPC and its affiliates will have in their proprietary accounts, in facilitating transactions, including options and other derivatives transactions, for their customers and in accounts under their management. These trading activities, if they influence the value of the Shares, could have a material and adverse impact on the market value of the ETNs.

#### **The Underlying ETF and Shares 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 and Shares with a new Underlying ETF and Shares, which new Underlying ETF and Shares shall, in all material respects, be substantially similar to the previous Underlying ETF and Shares, or exercise its Early Termination Right to redeem all of the outstanding ETNs.

#### **The ETNs are subject to the credit risk of the SPC**

The ETNs are senior unsecured debt obligations of the SPC and are not, either directly or indirectly, an obligation of any third party. Any payment to be made on the ETNs, including any payment at maturity, upon Redemption or upon the exercise by the SPC of its Early Termination Right (as the case may be), depends on the ability of the SPC to satisfy its obligations as they become due. As a result, any adverse changes in the market's view of the creditworthiness of the SPC will affect the market value, if any, of the ETNs prior to maturity, upon Redemption or upon the exercise by the SPC of its Early Termination Right (as the case may be). In addition, in the event the SPC was to default on its obligations, you may not receive any amounts owed to you under the terms of the ETNs.

#### **The SPC is a newly established entity without any proven track record**

The SPC has been established on 14 December 2021 and has no proven 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.

#### **Counterparty risk to the Custodian and other custodians**

The assets of the SPC in the form of the Shares are entrusted to the Custodian for safekeeping, as set out in further detail on page 19 of this Prospectus. These assets should be segregated from other securities/assets of the Custodian in accordance with applicable law and regulation, which mitigates but does not exclude the risk of non-restitution in case of bankruptcy of the Custodian. ETN holders are therefore exposed to the risk of the Custodian not being able to fully meet its obligation to reconstitute all of the Shares in the case of bankruptcy of the Custodian. The Custodian may not keep all the assets of the SPC itself but may use a network of sub-custodians who are not always part of the same group of companies as the Custodian. ETN holders may be exposed to the risk of bankruptcy of the sub-custodians in circumstances in which the Custodian may have no liability.

#### **Astana International Exchange Limited**

The ETNs are expected to be listed and traded on the AIX in the AIFC. The AIX was launched in July 2018, and therefore, has a relatively short history of operations. No assurance can be given about acceptable trading volumes of the Notes on the AIX. These factors may negatively impact the liquidity and pricing of the Notes on the AIX.

#### **Cap on Expenses**

The SPC is obliged to pay its Expenses, including certain other expenses. Other expenses may include certain extraordinary or unpredictable expenses (such as litigation or tax expenses), that may result in an increase to the Total Expense Ratio above 1.0 percent at any time. Notwithstanding that the SPC will attempt to limit its Expenses in order to keep the Total Expense Ratio below the 2.0 percent threshold, it is not guaranteed that the Total Expense Ratio will be less or equal to 1.0 percent.

#### **Sanctions could be imposed and have adverse effects on Kazakhstan capital market**

While Kazakhstan maintains strong independent diplomatic relationships with both Russia and Ukraine and has confirmed its neutral position with respect to the war between Russia and Ukraine, Kazakhstan has significant economic and political relations with Russia. Therefore, there is also a risk that sanctions could be also imposed on Kazakhstan, which would

have an adverse effect on the internal market and Kazakhstan's economy, which could, in turn, have a material adverse effect on SPC's financial condition, cash flows, results of operations and or the price of the ETNs.

## **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 and current description of risks associated with the Underlying ETF in the most recent prospectus of the Underlying ETF available at <http://www.ishares.com> 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.

The Fund is subject to various risks, including the principal risks noted below, any of which may adversely affect the Fund's NAV, trading price, yield, total return and ability to meet its investment objective. You could lose all or part of your investment in the Fund, and the Fund could underperform other investments. The order of the below risk factors does not indicate the significance of any particular risk factor. The Fund discloses its portfolio holdings daily at [www.iShares.com](http://www.iShares.com)

**A-Share Market Suspension Risk.** A-shares may only be bought from, or sold to, the Fund at times when the relevant A-shares may be sold or purchased on the relevant Chinese stock exchange. The A-shares market can have a higher propensity for trading suspensions than many other global equity markets. Trading suspensions in certain stocks could lead to greater market execution risk, valuation risks, liquidity risks and costs for the Fund, as well as for Authorized Participants that create and redeem Creation Units of the Fund. The SSE and SZSE currently apply a daily limit, set at 10%, of the amount of fluctuation permitted in the prices of A-shares during a single trading day. The daily limit refers to price movements only and does not restrict trading within the relevant limit. There can be no assurance that a liquid market on an exchange will exist for any particular A-share or for any particular time. This could increase the Fund's tracking error and/or cause the Fund to trade in the market at greater bid-ask spreads or greater premiums or discounts to the Fund's NAV. Given that the A-share market is considered volatile and unstable (with the risk of widespread trading suspensions or government intervention), the creation and redemption of Creation Units may also be disrupted.

**Asian Economic Risk.** Certain Asian economies have experienced rapid growth and industrialization in recent years, but there is no assurance that this growth rate will be maintained. Other Asian economies, however, have experienced high inflation, high unemployment, currency devaluations and restrictions, and over-extension of credit. Geopolitical hostility, political instability, and economic or environmental events in any one Asian country may have a significant economic effect on the entire Asian region, as well as on major trading partners outside Asia. Any adverse event in the Asian markets may have a significant adverse effect on some or all of the economies of the countries in which the Fund invests. In particular, China is a key trading partner of many Asian countries and any changes in trading relationships between China and other Asian countries may affect the region as a whole. Many Asian countries are subject to political risk, including political instability, corruption and regional conflict with neighboring countries. North Korea and South Korea each have substantial military capabilities, and historical tensions between the two countries present the risk of war. Escalated tensions involving the two countries and any outbreak of hostilities between the two countries, or even the threat of an outbreak of hostilities, could have a severe adverse effect on the entire Asian region. Certain Asian countries have developed increasingly strained relationships with the U.S. or with China, and if these relations were to worsen, they could adversely affect Asian issuers that rely on the U.S. or China for trade. In addition, many Asian countries are subject to social and labor risks associated with demands for improved political, economic and social conditions. These risks, among others, may adversely affect the value of the Fund's investments.

**Asset Class Risk.** The securities and other assets in the Underlying Index or in the Fund's portfolio may underperform in comparison to other securities or indexes that track other countries, groups of countries, regions, industries, groups of industries, markets, market segments, asset classes or sectors. Various types of securities, currencies and indexes may experience cycles of outperformance and underperformance in comparison to the general financial markets depending upon a number of factors including, among other things, inflation, interest rates, productivity, global demand for local products or resources, and regulation and governmental controls. This may cause the Fund to underperform other investment vehicles that invest in different asset classes.

**Authorized Participant Concentration Risk.** Only an Authorized Participant may engage in creation or redemption transactions directly with the Fund, and none of those Authorized Participants is obligated to engage in creation and/or redemption transactions. The Fund has a limited number of institutions that may act as Authorized Participants on an

agency basis (i.e., on behalf of other market participants). To the extent that Authorized Participants exit the business or are unable to proceed with creation or redemption orders with respect to the Fund and no other Authorized Participant is able to step forward to create or redeem Creation Units, Fund shares may be more likely to trade at a premium or discount to NAV and possibly face trading halts or delisting. Authorized Participant concentration risk may be heightened because ETFs, such as the Fund, that invest in securities issued by non-U.S. issuers or other securities or instruments that are less widely traded often involve greater settlement and operational issues and capital costs for Authorized Participants, which may limit the availability of Authorized Participants.

**Cash Transactions Risk.** Unlike most other ETFs, the Fund expects to effect all of its creations and redemptions for cash, rather than in-kind securities. Paying redemption proceeds in cash rather than through in-kind delivery of portfolio securities may require the Fund to dispose of or sell portfolio securities or other assets at an inopportune time to obtain the cash needed to meet redemption orders. This may cause the Fund to sell a security and recognize a capital gain or loss that might not have been incurred if it had made a redemption in-kind. As a result, the Fund may pay out higher or lower annual capital gains distributions than ETFs that redeem in-kind. The use of cash creations and redemptions may also cause the Fund's shares to trade in the market at greater bid-ask spreads or greater premiums or discounts to the Fund's NAV.

**Concentration Risk.** The Fund may be susceptible to an increased risk of loss, including losses due to adverse events that affect the Fund's investments more than the market as a whole, to the extent that the Fund's investments are concentrated in the securities and/or other assets of a particular issuer or issuers, country, group of countries, region, market, industry, group of industries, project types, group of project types, sector, market segment or asset class. The Fund may be more adversely affected by the underperformance of those securities and/or other assets, may experience increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting those securities and/or other assets than a fund that does not concentrate its investments.

**Currency Risk.** The Fund's assets will be invested primarily in domestic Chinese equities and the income received by the Fund will be primarily in RMB. Because the Fund's NAV is determined on the basis of the U.S. dollar, investors may lose money if the RMB depreciates against the U.S. dollar, even if the local currency values of the Fund's holdings in Chinese securities increase. Furthermore, the Fund may incur costs in connection with conversions between U.S. dollars and RMB, as well as in connection with conversions between the two separate types of RMB. RMB has two separate types of currency: CNY, traded only in the PRC and available for delivery only to PRC residents, and CNH, traded outside the PRC and available for delivery only to non-PRC residents. Unlike the CNY market, the CNH market is not subject to the Chinese central bank's intervention or its stipulation of a daily trading band for rate movements. As a result, deviations may exist between the CNH and CNY rates which, according to the Bank of International Settlements, can be substantial. While transactions with Authorized Participants will be in U.S. dollars, the Fund's transactions in A-shares through Stock Connect not in connection with creation or redemption activity generally will be in CNH. Although there has been a growing amount of RMB held offshore, CNH cannot be freely remitted into the PRC. The Underlying Index uses CNH to value its component securities, and the CNH exchange rate will be used for purposes of determining the Fund's NAV. To the extent that income received by the Fund is in CNY, and the CNY exchange rate differs from the CNH exchange rate, the Fund's NAV and its ability to track the Underlying Index may be adversely impacted. In addition, there is no assurance that there will always be sufficient amounts of RMB available for the Fund to remain fully invested in Chinese equities. The Chinese government heavily regulates the domestic exchange of foreign currencies within China. Under China's State Administration of Foreign Exchange regulations, Chinese corporations may only purchase foreign currencies through government approved banks. In general, Chinese companies must receive approval from or register with the Chinese government before investing in certain capital account items, including direct investments and loans, and must thereafter maintain separate foreign exchange accounts for the capital items. Foreign investors may only exchange foreign currencies at specially authorized banks after complying with documentation requirements. These restrictions may adversely affect the Fund and its investments. Such control of currency conversion and movements in RMB exchange rates may adversely affect the operations and financial results of the Fund's investments in China.

**Custody Risk.** Custody risk refers to the risks inherent in the process of clearing and settling trades, as well as the holding of securities by local banks, agents and depositories. Low trading volumes and volatile prices in less developed markets may make trades harder to complete and settle, and governments or trade groups may compel local agents to hold securities in designated depositories that may not be subject to independent evaluation. Local agents are held only to the standards of care of their local markets. In general, the less developed a country's securities markets are, the higher the degree of custody risk.

**Cybersecurity Risk.** The Fund, Authorized Participants, service providers and the relevant listing exchange are susceptible to operational, information security and related "cyber" risks both directly and through their service providers. Similar types of cybersecurity risks are also present for issuers of securities in which the Fund invests, which could result in material adverse consequences for such issuers and may cause the Fund's investment in such issuers to lose value. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber incidents include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for

purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyberattacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Geopolitical tensions may increase the scale and sophistication of deliberate attacks, particularly those from nation-states or from entities with nation-state backing. Cybersecurity failures by, or breaches of, the systems of the Fund's adviser, distributor and other service providers (including, but not limited to, index and benchmark providers, fund accountants, custodians, transfer agents and administrators), market makers, Authorized Participants or the issuers of securities in which the Fund invests have the ability to cause disruptions and impact business operations, potentially resulting in: financial losses, interference with the Fund's ability to calculate its NAV, disclosure of confidential trading information, impediments to trading, submission of erroneous trades or erroneous creation or redemption orders, the inability of the Fund or its service providers to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, cyberattacks may render records of Fund assets and transactions, shareholder ownership of Fund shares, and other data integral to the functioning of the Fund inaccessible, inaccurate or incomplete. Substantial costs may be incurred by the Fund in order to resolve or prevent cyber incidents. While the Fund has established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified, that prevention and remediation efforts will not be successful or that cyberattacks will go undetected. Furthermore, the Fund cannot control the cybersecurity plans and systems put in place by service providers to the Fund, issuers in which the Fund invests, the Index Provider, market makers or Authorized Participants. The Fund and its shareholders could be negatively impacted as a result.

**Equity Securities Risk.** The Fund invests in equity securities, which are subject to changes in value that may be attributable to market perception of a particular issuer or to general stock market fluctuations that affect all issuers. Investments in equity securities may be more volatile than investments in other asset classes. The Underlying Index is composed of common stocks, which generally subject their holders to more risks than preferred stocks and debt securities because common stockholders' claims are subordinated to those of holders of preferred stocks and debt securities upon the bankruptcy of the issuer.

**European Economic Risk.** The Economic and Monetary Union (the "eurozone") of the European Union (the "EU") requires compliance by member states that are members of the eurozone with restrictions on inflation rates, deficits, interest rates and debt levels, as well as fiscal and monetary controls, each of which may significantly affect every country in Europe, including those countries that are not members of the eurozone. Additionally, European countries outside of the eurozone may present economic risks that are independent of the indirect effects that eurozone policies have on them. In particular, the United Kingdom's (the "U.K.") economy may be affected by global economic, industrial and financial shifts. Changes in imports or exports, changes in governmental or EU regulations on trade, changes in the exchange rate of the euro (the common currency of eurozone countries), the default or threat of default by an EU member state on its sovereign debt and/or an economic recession in an EU member state may have a significant adverse effect on the economies of other EU member states and their trading partners. The European financial markets have historically experienced volatility and adverse trends due to concerns about economic downturns or government debt levels in several European countries, including, but not limited to, Austria, Belgium, Cyprus, France, Greece, Ireland, Italy, Portugal, Spain and Ukraine. These events have affected and may in the future adversely affect the exchange rate of the euro and may significantly affect European countries. Responses to financial problems by European governments, central banks and others, including austerity measures and reforms, may not produce the desired results, may result in social unrest, may limit future growth and economic recovery or may have other unintended consequences. Further defaults or restructurings by governments and other entities of their debt could have additional adverse effects on economies, financial markets and asset valuations around the world. In addition, one or more countries may abandon the euro and/or withdraw from the EU. The U.K. left the EU ("Brexit") on January 31, 2020. Brexit could adversely affect European or worldwide political, regulatory, economic or market conditions and could contribute to instability in global political institutions, regulatory agencies and financial markets. The national politics of countries in Europe have been unpredictable and subject to influence by disruptive political groups and ideologies, including, for example, secessionist movements. The governments of European countries may be subject to change and such countries may experience social and political unrest. Unanticipated or sudden political or social developments may result in sudden and significant investment losses. The occurrence of terrorist incidents throughout Europe or war in the region could also impact financial markets. The impact of these events is not clear but could be significant and far-reaching and could adversely affect the value and liquidity of the Fund's investments.

*Russian Invasion of Ukraine.* Russia launched a large-scale invasion of Ukraine on February 24, 2022. The extent and duration of the military action, resulting sanctions and resulting future market disruptions, including declines in its stock markets and the value of the ruble against the U.S. dollar, are impossible to predict, but could be significant. Disruptions caused by Russian military action or other actions (including cyberattacks and espionage) or resulting actual and threatened responses to such activity, including purchasing and financing restrictions, boycotts or changes in consumer or purchaser preferences, sanctions, import and export restrictions, tariffs or cyberattacks on the Russian government, Russian companies or Russian individuals, including politicians, may impact Russia's economy, Russian issuers of securities in which the Fund invests, or the economies of Europe as a whole. Actual and threatened responses to Russian

military action may also impact the markets for certain Russian commodities, such as oil and natural gas, as well as other sectors of the Russian economy, and are likely to have collateral impacts on such sectors across Europe and globally.

**Financials Sector Risk.** Companies in the financials sector are subject to extensive governmental regulation and intervention, which may adversely affect the scope of their activities, the prices they can charge, the amount of capital and liquid assets they must maintain and, potentially, their size. Governmental regulation may change frequently and may have significant adverse consequences for companies in the financials sector, including effects not intended by such regulation. Increased risk taking by financial companies may also result in greater overall risk in the U.S. and global financials sector. The impact of changes in capital requirements, or recent or future regulation in various countries, on any individual financial company or on the financials sector as a whole cannot be predicted. Certain risks may impact the value of investments in the financials sector more severely than those of investments outside this sector, including the risks associated with companies that operate with substantial financial leverage. Companies in the financials sector are exposed directly to the credit risk of their borrowers and counterparties, who may be leveraged to an unknown degree, including through swaps and other derivatives products. Financial services companies may have significant exposure to the same borrowers and counterparties, with the result that a borrower's or counterparty's inability to meet its obligations to one company may affect other companies with exposure to the same borrower or counterparty. This interconnectedness of risk may result in significant negative impacts to companies with direct exposure to the defaulting counterparty as well as adverse cascading effects in the markets and the financials sector generally. Companies in the financials sector may also be adversely affected by increases in interest rates and loan losses, decreases in the availability of money or asset valuations, credit rating downgrades, adverse public perception and adverse conditions in other related markets. Insurance companies, in particular, may be subject to severe price competition and/or rate adverse regulation, which may have an adverse impact on their profitability. The financials sector is particularly sensitive to fluctuations in interest rates. Chinese financials sector regulation and ownership may be more intrusive than in the U.S. and other developed countries, especially with respect to the regulation of non-Chinese banks and other non-Chinese financial companies. Greater Chinese governmental involvement in the financials sector may pose additional risks for investors. Market conditions in China may be particularly subject to change based on government policy. The financials sector is also a target for cyberattacks. Cybersecurity incidents and technology malfunctions and failures have become increasingly frequent and have caused significant losses to companies in this sector, which may negatively impact the Fund. The extent to which the Fund may invest in a company that engages in securities-related activities or banking is limited by applicable law.

**Geographic Risk.** China is located in a part of the world that has historically been prone to natural disasters such as droughts, earthquakes, floods, hurricanes, tornadoes, tsunamis or volcanic eruptions and is economically sensitive to environmental events. Any such event may adversely impact China's economy or business operations of companies in China, causing an adverse impact on the value of the Fund.

**Indexing Investment Risk.** The Fund is not actively managed and may be affected by a general decline in market segments related to the Underlying Index. The Fund invests in securities included in, or representative of, the Underlying Index, regardless of their investment merits. BFA generally does not attempt to invest the Fund's assets in defensive positions under any market conditions, including declining markets.

**Index-Related Risk.** The Fund seeks to achieve a return that corresponds generally to the price and yield performance, before fees and expenses, of the Underlying Index as published by the Index Provider. There is no assurance that the Index Provider or any agents that may act on its behalf will compile the Underlying Index accurately, or that the Underlying Index will be determined, composed or calculated accurately. While the Index Provider provides descriptions of what the Underlying Index is designed to achieve, neither the Index Provider nor its agents provide any warranty or accept any liability in relation to the quality, accuracy or completeness of the Underlying Index or its related data, and they do not guarantee that the Underlying Index will be in line with the Index Provider's methodology. BFA's mandate as described in this Prospectus is to manage the Fund consistently with the Underlying Index provided by the Index Provider to BFA. BFA does not provide any warranty or guarantee against the Index Provider's or any agent's errors. Errors in respect of the quality, accuracy and completeness of the data used to compile the Underlying Index may occur from time to time and may not be identified and corrected by the Index Provider for a period of time or at all, particularly where the indices are less commonly used as benchmarks by funds or managers. In addition, there may be heightened risks associated with the adequacy and reliability of the information the Index Provider uses given the Fund's exposure to emerging markets, as certain emerging markets may have less information available or less regulatory oversight. Such errors may negatively or positively impact the Fund and its shareholders. For example, during a period where the Underlying Index contains incorrect constituents, the Fund would have market exposure to such constituents and would be underexposed to the Underlying Index's other constituents. Shareholders should understand that any gains from Index Provider errors will be kept by the Fund and its shareholders and any losses or costs resulting from Index Provider errors will be borne by the Fund and its shareholders. Unusual market conditions or other unforeseen circumstances (such as natural disasters, political unrest or war) may impact the Index Provider or a third-party data provider, and could cause the Index Provider to postpone a scheduled rebalance to the Underlying Index. This could cause the Underlying Index to vary from its normal or expected composition. The postponement of a scheduled rebalance could mean that constituents of the Underlying Index that would otherwise be removed at rebalance due to changes in market capitalizations, issuer

credit ratings, or other reasons may remain, causing the performance and constituents of the Underlying Index to vary from those expected under normal conditions. Apart from scheduled rebalances, the Index Provider or its agents may carry out additional ad hoc rebalances to the Underlying Index due to reaching certain weighting constraints, unusual market conditions or corporate events or, for example, to correct an error in the selection of index constituents. When the Underlying Index is rebalanced and the Fund in turn rebalances its portfolio to attempt to increase the correlation between the Fund's portfolio and the Underlying Index, any transaction costs and market exposure arising from such portfolio rebalancing will be borne directly by the Fund and its shareholders. Therefore, errors and additional ad hoc rebalances carried out by the Index Provider or its agents to the Underlying Index may increase the costs to and the tracking error risk of the Fund.

**Industrials Sector Risk.** The value of securities issued by companies in the industrials sector may be adversely affected by supply and demand changes related to their specific products or services and industrials sector products in general. The products of manufacturing companies may face obsolescence due to rapid technological developments and frequent new product introduction. Global events, trade disputes and changes in government regulations, economic conditions and exchange rates may adversely affect the performance of companies in the industrials sector. Companies in the industrials sector may be adversely affected by liability for environmental damage and product liability claims. The industrials sector may also be adversely affected by changes or trends in commodity prices, which may be influenced by unpredictable factors. Companies in the industrials sector, particularly aerospace and defense companies, may also be adversely affected by government spending policies because companies in this sector tend to rely to a significant extent on government demand for their products and services.

**Infectious Illness Risk.** A widespread outbreak of an infectious illness, such as the COVID-19 pandemic, may adversely affect the economies of many nations and the global economy and may impact individual issuers and capital markets in ways that cannot be foreseen. An infectious illness outbreak may result in travel restrictions, closed international borders, disruption of healthcare services, prolonged quarantines, cancellations, supply chain disruptions, lower consumer demand, temporary and permanent closures of businesses, layoffs, defaults and other significant economic, social and political impacts, as well as general concern and uncertainty. An infectious illness outbreak may result in extreme volatility, severe losses, credit deterioration of issuers, and disruptions in markets, which could adversely impact the Fund and its investments, including impairing any hedging activity. Certain local markets may be subject to closures. Any suspension of trading in markets in which the Fund invests will have an impact on the Fund and its investments and will impact the Fund's ability to purchase or sell securities in such markets. Market or economic disruptions could result in elevated tracking error and increased premiums or discounts to the Fund's NAV. Additionally, an outbreak could impair the operations of the Fund's service providers, including BFA, which could adversely impact the Fund. Governmental and quasi-governmental authorities and regulators throughout the world may respond to an outbreak and any resulting economic disruptions with a variety of fiscal and monetary policy changes, including direct capital infusions into companies and other issuers, new monetary policy tools, and changes in interest rates. A reversal of these policies, or the ineffectiveness of such policies, is likely to increase market volatility, which could adversely affect the Fund's investments. An outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally, which could adversely affect the Fund and its investments and could result in increased premiums or discounts to the Fund's NAV. Despite the development of vaccines, the duration of the COVID-19 pandemic and its effects cannot be predicted with certainty.

**Issuer Risk.** The performance of the Fund depends on the performance of individual securities to which the Fund has exposure. Any issuer of these securities may perform poorly, causing the value of its securities to decline. Poor performance may be caused by poor management decisions, competitive pressures, changes in technology, expiration of patent protection, disruptions in supply, labor problems or shortages, corporate restructurings, fraudulent disclosures, credit deterioration of the issuer or other factors. Issuers may, in times of distress or at their own discretion, decide to reduce or eliminate dividends, which may also cause their stock prices to decline. An issuer may also be subject to risks associated with the countries, states and regions in which the issuer resides, invests, sells products, or otherwise conducts operations.

**Large-Capitalization Companies Risk.** Large-capitalization companies may be less able than smaller capitalization companies to adapt to changing market conditions. Large-capitalization companies may be more mature and subject to more limited growth potential compared with smaller capitalization companies. During different market cycles, the performance of large-capitalization companies has trailed the overall performance of the broader securities markets.

**Large Shareholder and Large-Scale Redemption Risk.** Certain shareholders, including an Authorized Participant, a third-party investor, the Fund's adviser or an affiliate of the Fund's adviser, a market maker, or another entity, may from time to time own or manage a substantial amount of Fund shares or may invest in the Fund and hold their investment for a limited period of time. These shareholders may also pledge or loan Fund shares (to secure financing or otherwise), which may result in the shares becoming concentrated in another party. There can be no assurance that any large shareholder or large group of shareholders would not redeem their investment or that the size of the Fund would be maintained. Redemptions of a large number of Fund shares by these shareholders may adversely affect the Fund's liquidity



and net assets. To the extent the Fund permits redemptions in cash, these redemptions may force the Fund to sell portfolio securities when it might not otherwise do so, which may negatively impact the Fund's NAV, have a material effect on the market price of the Shares and increase the Fund's brokerage costs and/or accelerate the realization of taxable income and/or gains and cause the Fund to make taxable distributions to its shareholders earlier than the Fund otherwise would have. In addition, under certain circumstances, non-redeeming shareholders may be treated as receiving a disproportionately large taxable distribution during or with respect to such tax year. The Fund also may be required to sell its more liquid Fund investments to meet a large redemption, in which case the Fund's remaining assets may be less liquid, more volatile, and more difficult to price. To the extent these large shareholders transact in shares on the secondary market, such transactions may account for a large percentage of the trading volume for the shares of the Fund and may, therefore, have a material upward or downward effect on the market price of the Fund shares. In addition, large purchases of Fund shares may adversely affect the Fund's performance to the extent that the Fund is delayed in investing new cash and is required to maintain a larger cash position than it ordinarily would, diluting its investment returns.

**Management Risk.** Because BFA uses a representative sampling indexing strategy, the Fund will not fully replicate the Underlying Index and may hold securities not included in the Underlying Index. As a result, the Fund is subject to the risk that BFA's investment strategy, the implementation of which is subject to a number of constraints, may not produce the intended results.

**Market Risk.** The Fund could lose money over short periods due to short-term market movements and over longer periods during more prolonged market downturns. The value of a financial instrument or other asset may decline due to changes in general market conditions, economic trends or events that are not specifically related to the particular instrument or asset, or factors that affect one or more issuers, counterparties, exchanges, countries, regions, markets, industries, sectors or asset classes, as applicable. Local, regional or global events such as war, acts of terrorism, public health issues, recessions, the prospect or occurrence of a sovereign default or other financial crisis, or other events could have a significant impact on the Fund and its investments and could result in increased premiums or discounts to the Fund's NAV. Changes in market and economic conditions generally do not have the same impact on all types of instruments and assets.

**Market Timing Risk.** The Fund is subject to the risk that an Authorized Participant may create or redeem shares of the Fund at a net asset value that does not take into account events subsequent to the local China market close and therefore may not appropriately reflect the intrinsic value of the Fund's assets. Chinese brokerage regulations require trading through a specific broker who may not provide a brokerage execution guarantee that the Fund will achieve execution of the basket in market transactions at a price equal to, or more favorable than, the Fund's valuation of the securities in the basket at the time of the creation or redemption order that gave rise to the basket order. In such event, the Fund will not be able to rely on brokerage guarantees to eliminate market timing risk.

**Market Trading Risk.**

*Absence of Active Market.* Although shares of the Fund are listed for trading on one or more stock exchanges, there can be no assurance that an active trading market for such shares will develop or be maintained by market makers or Authorized Participants.

*Risk of Secondary Listings.* The Fund's shares may be listed or traded on U.S. and non U.S. stock exchanges other than the U.S. stock exchange where the Fund's primary listing is maintained, and may otherwise be made available to non-U.S. investors through funds or structured investment vehicles similar to depositary receipts. There can be no assurance that the Fund's shares will continue to trade on any such stock exchange or in any market or that the Fund's shares will continue to meet the requirements for listing or trading on any exchange or in any market. The Fund's shares may be less actively traded in certain markets than in others, and investors are subject to the execution and settlement risks and market standards of the market where they or their broker direct their trades for execution. Certain information available to investors who trade Fund shares on a U.S. stock exchange during regular U.S. market hours may not be available to investors who trade in other markets, which may result in secondary market prices in such markets being less efficient.

*Secondary Market Trading Risk.* Shares of the Fund may trade in the secondary market at times when the Fund does not accept orders to purchase or redeem shares. At such times, shares may trade in the secondary market with more significant premiums or discounts than might be experienced at times when the Fund accepts purchase and redemption orders. Secondary market trading in Fund shares may be halted by a stock exchange because of market conditions or for other reasons. In addition, trading in Fund shares on a stock exchange or in any market may be subject to trading halts caused by extraordinary market volatility pursuant to "circuit breaker" rules on the stock exchange or market. Shares of the Fund, similar to shares of other issuers listed on a stock exchange, may be sold short and are therefore subject to the risk of increased volatility and price decreases associated with being sold short. In addition, trading activity in derivative products based on the Fund may lead to increased trading volume and volatility in the secondary market for the shares of the Fund.

*Shares of the Fund May Trade at Prices Other Than NAV.* Shares of the Fund trade on stock exchanges at prices at, above or below the Fund's most recent NAV. The NAV of the Fund is calculated at the end of each business day and fluctuates with changes in the market value of the Fund's holdings. The trading price of the Fund's shares fluctuates continuously throughout trading hours based on both market supply of and demand for Fund shares and the underlying value of the Fund's portfolio holdings or NAV. As a result, the trading prices of the Fund's shares may deviate significantly from

NAV during periods of market volatility. ANY OF THESE FACTORS, AMONG OTHERS, MAY LEAD TO THE FUND'S SHARES TRADING AT A PREMIUM OR DISCOUNT TO NAV. However, because shares can be created and redeemed in Creation Units at NAV, BFA believes that large discounts or premiums to the NAV of the Fund are not likely to be sustained over the long term (unlike shares of many closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their NAVs). While the creation/redemption feature is designed to make it more likely that the Fund's shares normally will trade on stock exchanges at prices close to the Fund's next calculated NAV, exchange prices are not expected to correlate exactly with the Fund'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, Authorized Participants, or other market participants, and during periods of significant market volatility, may result in trading prices for shares of the Fund that differ significantly from its NAV. Authorized Participants may be less willing to create or redeem Fund shares if there is a lack of an active market for such shares or its underlying investments, which may contribute to the Fund's shares trading at a premium or discount to NAV.

*Costs of Buying or Selling Fund Shares.* Buying or selling Fund shares on an exchange involves two types of costs that apply to all securities transactions. When buying or selling shares of the Fund through a broker, you will likely incur a brokerage commission and other charges. In addition, you may incur the cost of the "spread"; that is, the difference between what investors are willing to pay for Fund shares (the "bid" price) and the price at which they are willing to sell Fund shares (the "ask" price). The spread, which varies over time for shares of the Fund based on trading volume and market liquidity, is generally narrower if the Fund has more trading volume and market liquidity and wider if the Fund has less trading volume and market liquidity. In addition, increased market volatility may cause wider spreads. There may also be regulatory and other charges that are incurred as a result of trading activity. Because of the costs inherent in buying or selling Fund shares, frequent trading may detract significantly from investment results and an investment in Fund shares may not be advisable for investors who anticipate regularly making small investments through a brokerage account.

**Mid-Capitalization Companies Risk.** Stock prices of mid-capitalization companies may be more volatile than those of large-capitalization companies and, therefore, the Fund's share price may be more volatile than those of funds that invest a larger percentage of their assets in stocks issued by large-capitalization companies. Stock prices of mid-capitalization companies are also more vulnerable than those of large-capitalization companies to adverse business or economic developments, and the stocks of mid-capitalization companies may be less liquid than those of large-capitalization companies, making it difficult for the Fund to buy and sell shares of mid-capitalization companies. In addition, mid-capitalization companies generally have less diverse product lines than large-capitalization companies and are more susceptible to adverse developments related to their products.

**National Closed Market Trading Risk.** To the extent that the underlying securities or other instruments held by the Fund trade on foreign exchanges or in foreign markets that may be closed when the securities exchange on which the Fund's shares trade is open, there are likely to be deviations between the current price of an underlying security and the last quoted price for the underlying security (i.e., the Fund's quote from the closed foreign market). The impact of a closed foreign market on the Fund is likely to be greater where a large portion of the Fund's underlying securities or other instruments trade on that closed foreign market or when the foreign market is closed for unscheduled reasons. These deviations could result in premiums or discounts to the Fund's NAV that may be greater than those experienced by other ETFs.

**Nationalization Risk.** Investments in China may be subject to loss due to expropriation or nationalization of assets and property or the imposition of restrictions on foreign investments and repatriation of capital.

**Non-U.S. Securities Risk.** Investments in Chinese issuers are subject to heightened risk of inflation, nationalization and market fluctuations caused by economic and political developments. As a result of investing in Chinese issuers, the Fund may be subject to increased risk of loss caused by any of the factors listed below:

- Government intervention in issuers' operations or structure;
- A lack of market liquidity and market efficiency;
- Greater securities price volatility;
- Exchange rate fluctuations and exchange controls;
- Less availability of public information about issuers;
- Limitations on foreign ownership of securities;
- Imposition of withholding or other taxes;
- Imposition of restrictions on the expatriation of the funds or other assets of the Fund;
- Higher transaction and custody costs and delays in settlement procedures;
- Difficulties in enforcing contractual obligations;
- Lower levels of regulation of the securities markets;
- Weaker accounting, disclosure and reporting requirements and the risk of being delisted from U.S. exchanges; and

- Legal principles relating to corporate governance, directors' fiduciary duties and liabilities and stockholders' rights in markets in which the Fund invests may differ from or may not be as extensive or protective as those that apply in the U.S.

**Withholding Tax Reclaims Risk.** The Fund may file claims to recover withholding tax on dividend and interest income (if any) received from issuers in certain countries where such withholding tax reclaim is possible. Whether or when the Fund will receive a withholding tax refund in the future is within the control of the tax authorities in such countries. Where the Fund expects to recover withholding tax based on a continuous assessment of probability of recovery, the NAV of the Fund generally includes accruals for such tax refunds. The Fund continues to evaluate tax developments for potential impact to the probability of recovery. If the likelihood of receiving refunds materially decreases, for example due to a change in tax regulation or approach, accruals in the Fund's NAV for such refunds may need to be written down partially or in full, which will adversely affect that Fund's NAV. Investors in the Fund at the time an accrual is written down will bear the impact of any resulting reduction in NAV regardless of whether they were investors during the accrual period. Conversely, if a Fund receives a tax refund that has not been previously accrued, investors in the Fund at the time the claim is successful will benefit from any resulting increase in the Fund's NAV. Investors who sold their shares prior to such time will not benefit from such NAV increase.

**Operational Risk.** The Fund is exposed to operational risks arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the Fund's service providers, counterparties or other third parties, failed or inadequate processes and technology or systems failures. The Fund and BFA seek to reduce these operational risks through controls and procedures. However, these measures do not address every possible risk and may be inadequate to address significant operational risks.

**Privatization Risk.** China has privatized, or has begun a process of privatizing, certain entities and industries. Newly privatized companies may face strong competition from government-sponsored competitors that have not been privatized. In some instances, investors in newly privatized entities have suffered losses due to the inability of the newly privatized entities to adjust quickly to a competitive environment or changing regulatory and legal standards or, in some cases, due to re-nationalization of such privatized entities. There is no assurance that similar losses will not recur.

**Reliance on Trading Partners Risk.** China's economy is dependent on the economies of Asia, Europe and the U.S. Reduction in spending by these economies on Chinese products and services or negative changes in any of these economies, including as a result of trade disputes, may cause an adverse impact on China's economy and therefore, on the Fund's investments.

**Risk of Investing in China.** Investments in Chinese securities, including certain Hong Kong-listed and U.S.-listed securities, subject the Fund to risks specific to China. The Chinese economy is subject to a considerable degree of economic, political and social instability.

**Political and Social Risk.** The Chinese government is authoritarian and has periodically used force to suppress civil dissent. Disparities of wealth and the pace of economic liberalization may lead to social turmoil, violence and labor unrest. In addition, China continues to experience disagreements related to integration with Hong Kong and religious and nationalist disputes in Tibet and Xinjiang. There is also a greater risk in China than in many other countries of currency fluctuations, currency nonconvertibility, interest rate fluctuations and higher rates of inflation as a result of internal social unrest or conflicts with other countries. Unanticipated political or social developments may result in sudden and significant investment losses. China's growing income inequality, rapidly aging population and significant environmental issues also are factors that may affect the Chinese economy.

**Government Control and Regulations.** The Chinese government has implemented significant economic reforms in order to liberalize trade policy, promote foreign investment in the economy, reduce government control of the economy and develop market mechanisms. However, government control over certain sectors or enterprises and significant regulation of investment and industry is still pervasive, including restrictions on investment in companies or industries deemed to be sensitive to particular national interests, trading of securities of Chinese issuers, foreign ownership of Chinese corporations and/or the repatriation of assets by foreign investors. Limitations or restrictions on foreign ownership of securities may have adverse effects on the liquidity and performance of the Fund and could lead to higher tracking error. Chinese government intervention in the market may have a negative impact on market sentiment, which may in turn affect the performance of the Chinese economy and the Fund's investments. Chinese markets generally continue to experience inefficiency, volatility and pricing anomalies that may be connected to governmental influence, lack of publicly available information, and political and social instability. Chinese companies, such as those in the financial services or technology sectors, and potentially other sectors are also subject to the risk that Chinese authorities can intervene in their operations and structure, which may negatively affect the value of the Fund's investments.

**Economic Risk.** The Chinese economy may be adversely affected by, among other things, a deterioration in global demand for Chinese exports or a contraction in spending on domestic goods by Chinese consumers. In addition, China may experience substantial rates of inflation, significant indebtedness or economic recessions, which would have a negative effect on its economy and securities market. Delays in enterprise restructuring, slow development of well-functioning

financial markets and widespread corruption have also hindered the performance of the Chinese economy. China continues to receive substantial pressure from trading partners to liberalize official currency exchange rates. Reduction in spending on Chinese products and services, supply chain diversification, institution of additional tariffs, sanctions or other trade barriers (including as a result of heightened trade tensions between China and the U.S. or in response to actual or alleged Chinese cyber activity) or a downturn in any of the economies of China's key trading partners may have an adverse impact on the Chinese economy and companies in which the Fund invests. Certain Chinese companies (which may change from time to time) are directly or indirectly subject to economic or trade restrictions imposed by the U.S. or other governments due to national security, human rights or other concerns of such government. For example, certain foreign technology companies are subject to U.S. export controls as those companies are believed to pose a risk to U.S. interests. The U.S. also bans imports of goods produced in certain regions of China or by certain Chinese companies due to concerns about forced labor. Such restrictions may have unanticipated and adverse effects on the Chinese economy and companies. Any action that targets Chinese financial markets or securities exchanges could interfere with orderly trading, delay settlement or cause market disruptions. The Underlying Index may include companies that are subject to economic or trade restrictions (but not investment restrictions) imposed by the U.S. or other governments. So long as these restrictions do not include restrictions on investments, the Fund is generally expected to invest in such companies, consistent with its objective to track the performance of the Underlying Index.

*Expropriation Risk.* The Chinese government maintains a major role in economic policymaking, and investing in China involves risk of loss due to expropriation, nationalization, confiscation of assets and property or the imposition of restrictions on foreign investments and on repatriation of capital invested.

*Security Risk.* China has strained international relations with Taiwan, Japan, India, Russia and other neighbors due to territorial disputes, historical animosities, defense concerns and other security concerns. China has a complex territorial dispute regarding the sovereignty of Taiwan and has pledged to take control of Taiwan, including by force if necessary. The Chinese military has conducted military drills around Taiwan in connection with China's claim to Taiwan. Taiwan-based companies and individuals are significant investors in China. These tensions between Taiwan and China may adversely affect the Chinese economy. Additionally, China is alleged to have participated in state-sponsored cyberattacks against foreign companies and foreign governments. Actual and threatened responses to such activity and strained international relations, including purchasing restrictions, sanctions, tariffs or cyberattacks on the Chinese government or Chinese companies, may impact China's economy and Chinese issuers of securities in which the Fund invests. Relations between China's Han ethnic majority and other ethnic groups in China, including Tibetans and Uighurs, are also strained and have been marked by protests and violence. These situations may cause uncertainty in the Chinese market and may adversely affect the Chinese economy. In addition, conflict on the Korean Peninsula could adversely affect the Chinese economy. Such risks, among others, may adversely affect the value of the Fund's investments.

*Chinese Equity Markets.* The issuance of B-shares and H-shares by Chinese companies and the ability to obtain a "back-door listing" through Red-Chips or P-Chips is still regarded by the Chinese authorities as an experiment in economic reform. "Back-door listing" is a means by which a mainland Chinese company issues Red-Chips or P-Chips to obtain quick access to international listing and international capital. These share mechanisms are subject to the political and economic policies in China. The Fund may also invest in Chinese companies listed on U.S. exchanges, such as American Depositary Receipts ("ADRs") or variable interest entities ("VIEs"), which are subject to the investment risks of an associated China-based operating company. Instead of directly owning the equity securities of a Chinese company, a VIE enters into service contracts and other contracts with the Chinese company, which provide the VIE with exposure to the company. Intervention by the Chinese government with respect to VIEs could significantly affect the Chinese operating company's performance and the enforceability of the VIE's contractual arrangements with the Chinese company.

*Hong Kong Political Risk.* Hong Kong reverted to Chinese sovereignty on July 1, 1997 as a Special Administrative Region ("SAR") of the People's Republic of China ("PRC") under the principle of "one country, two systems." Although China is obligated to maintain the current capitalist economic and social system of Hong Kong through June 30, 2047, the continuation of economic and social freedoms enjoyed in Hong Kong is dependent on the government of China. Since 1997, there have been tensions between the Chinese government and many people in Hong Kong who perceive China as tightening control over Hong Kong's semi-autonomous liberal political, economic, legal and social framework. Recent protests and unrest have increased tensions even further. Due to the interconnected nature of the Hong Kong and Chinese economies, this instability in Hong Kong may cause uncertainty in the Hong Kong and Chinese markets. In addition, the Hong Kong dollar trades at a fixed exchange rate in relation to (or is "pegged" to) the U.S. dollar, which has contributed to the growth and stability of the Hong Kong economy. However, it is uncertain how long the currency peg will continue or what effect the establishment of an alternative exchange rate system would have on the Hong Kong economy. Because the Fund's NAV is denominated in U.S. dollars, the establishment of an alternative exchange rate system could result in a decline in the Fund's NAV.

*Limited Information and Legal Remedies.* Chinese companies, including Chinese companies that are listed on U.S. exchanges, are not subject to the same degree of regulatory requirements, accounting standards or auditor oversight as companies in more developed countries. As a result, information about the Chinese securities in which the Fund invests may be less reliable or complete. Chinese companies with securities listed on U.S. exchanges may be delisted if they do not meet U.S. accounting standards and auditor oversight requirements, which would significantly decrease the liquidity and value of the securities. There may be significant obstacles to obtaining information necessary for investigations into or litigation against Chinese companies, and shareholders may have limited legal remedies. The Fund is not actively managed and does not select investments based on investor protection considerations.

**Risk of Investing in Emerging Markets.** Investments in emerging market issuers are subject to a greater risk of loss than investments in issuers located or operating in more developed markets. This is due to, among other things, the potential for greater market volatility, lower trading volume, higher levels of inflation, social, political or economic instability, greater risk of a market shutdown and more governmental limitations on foreign investments in emerging market countries than are typically found in more developed markets. Some countries in which the Fund may invest may experience economic instability, including instability resulting from substantial rates of inflation or significant devaluations of their currency, or economic recessions, which would have a negative effect on the economies and securities markets of their economies. Some of these countries may also impose restrictions on the exchange or export of currency or adverse currency exchange rates and may be characterized by a lack of available currency hedging instruments. Disparities of wealth, the pace and success of democratization and ethnic, religious and racial disaffection, among other factors, may exacerbate social unrest, violence and labor unrest in some of the countries in which the Fund may invest. Unanticipated or sudden political or social developments may result in sudden and significant investment losses. Companies in many emerging markets are not subject to the same degree of regulatory requirements, accounting standards or auditor oversight as companies in more developed countries, and as a result, information about the securities in which the Fund invests may be less reliable or complete. Moreover, emerging markets often have less reliable securities valuations and greater risks associated with custody of securities than developed markets. There may be significant obstacles to obtaining information necessary for investigations into or litigation against companies and shareholders may have limited legal remedies. The Fund is not actively managed and does not select investments based on investor protection considerations. In addition, emerging markets often have greater risk of capital controls through such measures as taxes or interest rate control than developed markets. Certain emerging market countries may also lack the infrastructure necessary to attract large amounts of foreign trade and investment. Chronic structural public sector deficits in some countries in which the Fund may invest may adversely impact securities held by the Fund. Local securities markets in emerging market countries may trade a small number of securities and may be unable to respond effectively to changes in trading volume, potentially making prompt liquidation of holdings difficult or impossible at times. Settlement procedures in emerging market countries are frequently less developed and reliable than those in the U.S. (and other developed countries). In addition, significant delays may occur in certain markets in registering the transfer of securities. Settlement or registration problems may make it more difficult for the Fund to value its portfolio securities and could have an adverse effect on the Fund in seeking to achieve its investment objective. Investing in emerging market countries involves a higher risk of loss due to expropriation, nationalization, confiscation of assets and property or the imposition of restrictions on foreign investments and on repatriation of capital invested in certain emerging market countries. As a result, investments in certain countries in which the Fund may invest may be subject to loss due to expropriation or nationalization of assets and property or the imposition of restrictions on foreign investments and repatriation of capital.

**Risk of Investing through Stock Connect.** Investing in A-shares through Stock Connect is subject to trading, clearance, settlement and other procedures, which could pose risks to the Fund. Although no individual investment quotas or licensing requirements apply to investors in Stock Connect, trading through Stock Connect is subject to the Daily Quota, which limits the maximum net purchases under Stock Connect each day. The Daily Quota does not belong to the Fund and is utilized on a first-come-first-serve basis. As such, buy orders for A-shares would be rejected once the Daily Quota is exceeded (although the Fund will be permitted to sell A-shares regardless of the Daily Quota balance). The Daily Quota may restrict the Fund's ability to invest in A-shares through Stock Connect on a timely basis, which could affect the Fund's ability to effectively pursue its investment strategy. The Daily Quota is also subject to change. A-shares purchased through Stock Connect generally may only be sold or otherwise transferred through Stock Connect and in accordance with applicable rules. In order to comply with applicable local market rules and to facilitate orderly operations of the Fund, including the timely settlement of Stock Connect trades placed by or on behalf of the Fund, BFA utilizes an operating model that will only be used by iShares ETFs with investments in A-shares through Stock Connect. Such operating model may reduce the risks of trade failures; however, it will also allow Stock Connect trades to be settled without the prior verification by the Fund. Accordingly, this operating model may subject the Fund to additional risks, including an increased risk of inadvertently exceeding certain trade or other restrictions or limits placed on the Fund and/or its affiliates, and a heightened risk of erroneous trades, which may negatively impact the Fund. While A-shares must be designated as eligible to be traded under Stock Connect (such eligible A-shares listed on the SSE, the "SSE Securities," and such eligible A-shares listed on the SZSE, the "SZSE Securities"), those A-shares may also lose such designation, and if this occurs, such A-shares may be sold but could no longer be purchased through Stock Connect. With respect to sell orders under Stock Connect, the SEHK carries out pre-trade checks to ensure an investor has sufficient A-shares in its account before the market opens on the trading day. Accordingly, if there are insufficient A-shares in an investor's account before the market opens on the trading day, the sell order will be rejected, which may adversely impact the Fund's performance. In addition, Stock Connect will only operate on days when both the Chinese and Hong Kong markets are open for trading and when banking services are available in both markets on the corresponding settlement days. Therefore, an investment in A-shares through Stock Connect may subject the Fund to the risk of price fluctuations on days when the Chinese markets are open, but Stock Connect is not trading. Each of the SEHK, SSE and SZSE reserves the right to suspend trading under Stock Connect under certain circumstances. Where such a suspension of trading is effected, the Fund's ability to access A-shares through Stock Connect will be adversely affected. In addition, if one or both of the Chinese and Hong Kong markets are closed on a U.S. trading day, the Fund may not be able to acquire or

dispose of A-shares through Stock Connect in a timely manner, which could adversely affect the Fund's performance. The Fund's investments in A-shares through Stock Connect are held by its custodian in accounts in Central Clearing and Settlement System ("CCASS") maintained by the Hong Kong Securities Clearing Company Limited ("HKSCC"), which in turn holds the A-shares, as the nominee holder, through an omnibus securities account in its name registered with the CSDCC. The precise nature and rights of the Fund as the beneficial owner of the SSE Securities or SZSE Securities through HKSCC as nominee is not well defined under PRC law. There is a lack of a clear definition of, and distinction between, legal ownership and beneficial ownership under PRC law and there have been few cases involving a nominee account structure in the PRC courts. The exact nature and methods of enforcement of the rights and interests of the Fund under PRC law is also uncertain. In the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong, there is a risk that the SSE Securities or SZSE Securities may not be regarded as held for the beneficial ownership of the Fund or as part of the general assets of HKSCC available for general distribution to its creditors. Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities or SZSE Securities held in its omnibus stock account in the CSDCC, the CSDCC as the share registrar for SSE- or SZSE-listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities or SZSE Securities. HKSCC monitors the corporate actions affecting SSE Securities and SZSE Securities and keeps participants of CCASS informed of all such corporate actions that require CCASS participants to take steps in order to participate in them. The Fund will therefore depend on HKSCC for both settlement and notification and implementation of corporate actions. The HKSCC is responsible for the clearing, settlement and the provisions of depositary, nominee and other related services of the trades executed by Hong Kong market participants and investors. Accordingly, investors do not hold SSE Securities or SZSE Securities directly – they are held through their brokers' or custodians' accounts with CCASS. The HKSCC and the CSDCC establish clearing links and each has become a participant of the other to facilitate clearing and settlement of cross-border trades. Should CSDCC default and the CSDCC be declared as a defaulter, HKSCC's liabilities in Stock Connect under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against the CSDCC. In that event, the Fund may suffer delays in the recovery process or may not be able to fully recover its losses from the CSDCC. Market participants are able to participate in Stock Connect subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. Further, the "connectivity" in Stock Connect requires the routing of orders across the borders of Hong Kong and the PRC. This requires the development of new information technology systems on the part of the SEHK and exchange participants. There is no assurance that these systems will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in A-shares through Stock Connect could be disrupted, and the Fund's ability to achieve its investment objective may be adversely affected. The Shanghai Connect program, launched in November 2014, and the Shenzhen Connect program, launched in December 2016, are both in their initial stages and do not have an extensive operating history. Stock Connect is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. The current regulations are untested and there is no certainty as to how they will be applied or interpreted going forward. In addition, the current regulations are subject to change and there can be no assurance that Stock Connect will not be discontinued or abolished. New regulations may be issued from time to time by the regulators and stock exchanges in China and Hong Kong in connection with operations, legal enforcement and cross-border trades under Stock Connect. The Fund may be adversely affected as a result of such changes. Furthermore, the securities regimes and legal systems of China and Hong Kong differ significantly and issues may arise based on these differences. Further, different fees, costs and taxes are imposed on foreign investors acquiring A-shares through Stock Connect, and these fees, costs and taxes may be higher than comparable fees, costs and taxes imposed on owners of other Chinese securities providing similar investment exposure.

**Tax Risk.** A 10% PRC withholding tax is applicable to the payment of dividends and interest to foreign investors by PRC-listed companies. Withholding tax, as a technical matter, is legally applicable to capital gains realized by foreign investors on the disposal of A-shares under the CIT; however, before the release of Circular 79 by the PRC tax authorities, the PRC tax authorities had not in practice been reported to have sought to collect such withholding tax on capital gains realized by foreign investors on the disposal of A-shares. Under Circular 79, which was released by the PRC tax authorities on November 14, 2014, capital gains realized on or after November 17, 2014 by QFIIs from the disposal of A-shares, including PRC "land-rich" companies are temporarily exempt from Chinese taxation. A second notice was issued the same day providing that the capital gain from disposal of A-shares by foreign investor enterprises through Stock Connect will temporarily be exempt from Chinese taxation. The duration of the exemption is not stated in these notices and it is subject to termination by the PRC tax authorities with or without notice. If the exemption is withdrawn or modified, there is a risk that the PRC tax authorities may seek to collect tax on capital gains realized on the Fund's investments in A-shares or other Chinese investments. If the temporary exemption is withdrawn, the Fund would be subject to PRC taxation in respect of gains on A-shares and the resultant tax liability would adversely affect the Fund's NAV. However, this tax liability may be mitigated under the terms of an applicable tax treaty, and if so, such benefits will be passed on to investors in the Fund. Although BFA expects that treaty provisions between China and the U.S. will reduce the Fund's exposure to capital gains tax liability, this treaty relief does not extend to A-shares issued by "land-rich" companies, and there is no guarantee that the PRC regulators will share BFA's views regarding the applicability of such tax treaty to the Fund's investments.

**Tracking Error Risk.** The Fund may be subject to “tracking error,” which is the divergence of the Fund’s performance from that of the Underlying Index. Tracking error may occur because of differences between the securities and other instruments held in the Fund’s portfolio and those included in the Underlying Index, pricing differences (including, as applicable, differences between a security’s price at the local market close and the Fund’s valuation of a security at the time of calculation of the Fund’s NAV), transaction costs incurred by the Fund, the Fund’s holding of uninvested cash, differences in timing of the accrual or the valuation of dividends or interest received by the Fund or distributions paid to the Fund’s shareholders, the requirements to maintain pass-through tax treatment, portfolio transactions carried out to minimize the distribution of capital gains to shareholders, acceptance of custom baskets, changes to the Underlying Index or the costs to the Fund of complying with various new or existing regulatory requirements, among other reasons. This risk may be heightened during times of increased market volatility or other unusual market conditions. Tracking error also may result because the Fund incurs fees and expenses, while the Underlying Index does not. Tracking error may occur due to differences between the methodologies used in calculating the value of the Underlying Index and determining the Fund’s NAV. INDEX ETFS THAT TRACK INDICES WITH SIGNIFICANT WEIGHT IN EMERGING MARKETS ISSUERS MAY EXPERIENCE HIGHER TRACKING ERROR THAN OTHER INDEX ETFS THAT DO NOT TRACK SUCH INDICES.

**U.S. Economic Risk.** The U.S. is a significant, and in some cases the most significant, trading partner of, or foreign investor in China. As a result, economic conditions in China may be particularly affected by changes in the U.S. economy. A decrease in U.S. imports or exports, new trade and financial regulations or tariffs, changes in the U.S. dollar exchange rate or an economic slowdown in the U.S. may have a material adverse effect on the economic conditions in China and, as a result, securities to which the Fund has exposure. Circumstances could arise that could prevent the timely payment of interest or principal on U.S. government debt, such as reaching the legislative “debt ceiling.” Such non-payment would result in substantial negative consequences for the U.S. economy and the global financial system.

**Valuation Risk.** The price the Fund could receive upon the sale of a security or other asset may differ from the Fund’s valuation of the security or other asset and from the value used by the Underlying Index, particularly for securities or other assets that trade in low volume or volatile markets or that are valued using a fair value methodology as a result of trade suspensions or for other reasons. Because non-U.S. exchanges may be open on days or during time periods when the Fund does not price its shares, the value of the securities or other assets in the Fund’s portfolio may change on days or during time periods when shareholders will not be able to purchase or sell the Fund’s shares. In addition, for purposes of calculating the Fund’s NAV, the value of assets denominated in non-U.S. currencies is translated into U.S. dollars at the prevailing market rates. This translation may result in a difference between the prices used to calculate the Fund’s NAV and the prices used by the Underlying Index, which, in turn, could result in a difference between the Fund’s performance and the performance of the Underlying Index. Authorized Participants who purchase or redeem Fund shares on days when the Fund is holding fair-valued securities may receive fewer or more shares, or lower or higher redemption proceeds, than they would have received had the securities not been fair valued or been valued using a different methodology. The ability to value investments may be impacted by technological issues or errors by pricing services or other third-party service providers.

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

Other risk factors related to the Underlying ETF are described in the prospectus of the Underlying ETF issued in connection with the Shares and available at <https://www.ishares.com/>.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes will be used by the Issuer for investments in the Permitted Assets in compliance with AIX Belt and Road Market Rules BR 1.1. only.



## EXTERNAL REPORT

Below is the external report of the ETNs provided by the BR Expert Committee and written in accordance with 3.1(R)(a) AIX BR Rules. This external report has been produced at the Issuer's request, and the external report is included in this Prospectus with the consent of the Experts named below.

This review opinion from the BR Expert Committee shall only help investors to better understand the Belt and Road Initiative nature of the ETNs. The BR Expert Committee shall not guarantee the value of issuance and shall not be liable for any claims or losses of any nature, arising directly or indirectly from investing in the ETNs.

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## AIX Belt and Road Market

### External Review Form

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#### Section 1. Basic Information

**Issuer name:** iX China Equities SPC Limited

**Securities's Type:** Structured products

**Issuing Currency:** CNY

**Review provider:** AIFC BR Expert Committee, [55/18 Mangilik El Avenue, Nur-Sultan, Kazakhstan]

**Date of the review opinion:** 23.05.2022

#### Section 2. Review overview

##### SCOPE OF REVIEW

*The following may be used or adapted, where appropriate, to summarise the scope of the review.*

The review assessed the following elements and confirmed their alignment with the AIX Belt and Road Market Rule:

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Nature of the BRI project                             | <input checked="" type="checkbox"/> Use of Proceeds         |
| <input checked="" type="checkbox"/> Characterisation of the issuance of the BR Securities | <input checked="" type="checkbox"/> Scope of BRI Disclosure |

##### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

The review is conducted within the four main dimensions, include the nature of the BRI project, Use of Proceeds, Charactersation of the issuance of the BR Securieis and Socpe of BRI Disclosure.

iX China Equities SPC Limited as the issuer has complied with all four dimensions and the AIX Belt and Road Market Rules in all aspects, the ETNs issued by iX China Equities SPC Limited are qualified to be admitted for listing and trading on AIX Belt and Road Market as BR Securities.

### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

#### 1. NATURE OF THE BRI PROJECT

##### Overall comment on section (BR1.1):

iX China Equities SPC Limited ("issuer") is a special purpose company incorporated under the Acting Law of AIFC with principle business purpose of issuing and maintaining ETNs. AIX FM, a wholly-owned subsidiary of Astana International Exchange ("AIX") which will act as the sole director and secretary of the issuer. This issuance is highly related to AIX, which AIX is the ultimate beneficiary.

AIX as a project is included under the list of the Kazakhstan-China capacity cooperation projects, which has been promoting the financial integration between Kazakhstan and China in terms of capital market developments.

#### 2. USE OF PROCEEDS

##### Overall comment on section (BR2.1(d)):

The net proceeds of the issue of the Notes will be used by the issuer for investments in the Permitted Assets only, which include Shares and Cash.

The Permitted Assets with target asset allocation and asset allocation ranges are clearly disclosed in the Prospectus, which in compliance with nature of the use of proceeds in compliance with AIX Belt and Road Market Rule 1.1.

#### Evaluation

- ☒ Project under Belt and Road Initiative in Kazakhstan, Central Asia and all BRI Countries
- ☐ Project under "Nurly Zhol" new economic policy of the Republic of Kazakhstan
- ☐ Privatization project in the Republic of Kazakhstan
- ☐ Infrastructure project in the Republic of Kazakhstan
- ☒ Kazakhstan-China Capacity Cooperation Project
- ☐ Other project (please specify):

#### Information on Responsibilities and Accountability

- ☐ Evaluation / Selection criteria subject to external advice or verification
- ☒ In-house assessment
- ☐ Other (please specify):

### 3. CHARACTERISATION OF THE ISSUANCE OF THE BR SECURITIES

#### Overall comment on section (BR3.1(a)):

The iX China Equities ETNs (“ETNs”) with issuing and trading currency of CNY that seek to provide investors with a return linked to the performance of the Underlying ETF, which seeks to track the investment results of the MSCI China A Inclusion Index, which is designed to measure the equity market performance in China.

The issuance of the ETNs complied with the general characterization of the BR Securities, the significance of the issuance is expected to further promote the financial innovation, integration and cooperation between Kazakhstan and China in terms of capital market connectivity.

### 4. SCOPE OF THE BRI DISCLOSURE IN THE OFFERING DOCUMENT

#### Overall comment on section (BR3.1(b)-(f)):

Scope of the BRI Disclosure complied with AIX Market Disclosure rules, additional disclosure obligations of BR Securities in accordance with the requirements under Table 3 of the AIX Market Disclosure Rules Appendix expected to be complied if applicable.

Where appropriate, please specify name and date of publication in the useful links section.

#### USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

<https://invest.gov.kz/ru/media-center/press-releases/stroitelstvo-kazakhstansko-kitayskikh-invest-proektov-budet-vestis-v-sootvetstvi-s-zakonodatelstvom/>

<http://fec.mofcom.gov.cn/article/ywzn/xgzx/guowai/201809/20180902790353.shtml>

### 5. EXPERT COMMITTEES' CONSENT

The BR Expert Committee has consented to the inclusion of this review report into the prospectus or other offer document in relation to the BR Securities.

### 6. DISCLAIMERS

The BR Expert Committee does NOT guarantee the value of issuance and shall NOT be liable for any claims or losses of any nature, arising directly or indirectly from participating in the issuance.

The BR Expert Committee is not an investment advisor. The information contained in the review opinion shall not constitute or provide any kind of investment advice, including without limitation any recommendation or commentary regarding (i) the potential financial benefits or otherwise of purchasing, selling or holding the subject security, (ii) the merits of any investment or (iii) the suitability of any investment for any particular investor.

### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

#### 1. NATURE OF THE BRI PROJECT

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The Permitted Assets with target asset allocation and asset allocation ranges are clearly disclosed in the Prospectus, which in compliance with nature of the use of proceeds in compliance with AIX Belt and Road Market Rule 1.1.1.

#### Evaluation

- ☒ Project under Belt and Road Initiative in Kazakhstan, Central Asia and all BRI Countries
- ☐ Project under "Nurly Zhol" new economic policy of the Republic of Kazakhstan
- ☐ Privatization project in the Republic of Kazakhstan
- ☐ Infrastructure project in the Republic of Kazakhstan
- ☒ Kazakhstan-China Capacity Cooperation Project
- ☐ Other project (please specify):

#### Information on Responsibilities and Accountability

- ☐ Evaluation / Selection criteria subject to external advice or verification
- ☒ In-house assessment
- ☐ Other (please specify):



### 3. CHARACTERISATION OF THE ISSUANCE OF THE BR SECURITIES

#### Overall comment on section (BR3.1(a)):

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The issuance of the ETNs complied with the general characterization of the BR Securities, the significance of the issuance is expected to further promote the financial innovation, integration and cooperation between Kazakhstan and China in terms of capital market connectivity.

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Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

<https://invest.gov.kz/ru/media-center/press-releases/stroitelstvo-kazakhstansko-kitayskikh-invest-proektov-budet-vestis-v-sootvetstvii-s-zakonodatelstvom/>

<http://fec.mofcom.gov.cn/article/ywzn/xgzx/guowai/201809/20180902790353.shtml>

### 5. EXPERT COMMITTEES' CONSENT

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The BR Expert Committee is not an investment advisor. The information contained in the review opinion shall not constitute or provide any kind of investment advice, including without limitation any recommendation or commentary regarding (i) the potential financial benefits or otherwise of purchasing, selling or holding the subject security, (ii) the merits of any investment or (iii) the suitability of any investment for any particular investor.

Review provider: AIFC BR Expert Committee

  
Chair: Yernur Rysmagambetov

Date: 30.05.2022

#### List of AIFC BR Expert Committee Members

No.	Name	Title	Experiences related to BRI
1.	 Yernur Rysmagambetov	Chairman of the Management Board, AIFC Authority	<p>The Chairman of the Management Board of AIFC Authority oversees the development of all AIFC initiatives and is in charge of business development. Mr. Rysmagambetov has vast experience and expertise in Belt and Road Initiatives and actively engages with senior regional partners on Belt and Road market development.</p> <p>Mr. Rysmagambetov is certified financial analyst, CFA Charterholder.</p>
2.	 Daniyar Kelbetov	Managing Director, AIFC Authority	<p>Mr. Kelbetov oversees the strategy of AIFC. Mr. Kelbetov has vast experience in markets development, policy and strategy coordination and keeps track of world's best practices and global trends. Mr. Kelbetov actively takes part in the formation and navigation of Belt and Road Initiatives at AIFC.</p> <p>Mr. Kelbetov is certified financial analyst, CFA and FRM Charterholder.</p>
3.	 Talgar Bolat	Head, AIX Belt and Road Market, AIX	<p>Mr. Bolat has 9 Years in Kazakhstan-China relations and Belt and Road Initiatives, experienced in policy coordination, educations cooperations and financial integration, project lead in developing AIX Belt and Road Market and AIFC Offshore RMB Clearing Centre.</p>

**Information relating to a conflict of interest**

As of the date of this Prospectus, there are not any material interests of any of the Experts in the Issuer, including the following:

- No benefit, fees or commissions paid to the Expert by the Issuer or a related company in relation to this external report;
- None of the Experts hold or expecting to hold any position in the Issuer;
- None of the Experts hold or planning to hold any investments in the Issuer or a related company or the ETNs.

At the same time, the one Expert hold position within the same group of companies with the Issuer:

- Mr. Daniyar Kelbetov is a Managing Director of AIFC Authority.



## **REGISTRATION, PURCHASE AND SALE OF ETNS**

### **Registration of the Notes**

The Notes are book-entered non-bearer securities in uncertificated form registered in AIX Registrar. The Notes may be held by the relevant holders in their accounts established either with AIX Registrar/AIX CSD or with a participant of AIX CSD. Participants in AIX CSD include trading members of AIX (brokerage firms) and the custodians who have account(s) with AIX CSD.

Only persons that are registered as the owners of the Notes in the accounts with AIX Registrar/AIX CSD or with a participant of AIX CSD will be recognised as the ETN holders. The owners of the Notes held in a holding (nominee) account with AIX CSD may choose to exercise all of their rights as noteholders against the Issuer through the respective participant of AIX CSD that has such holding (intermediary) account with AIX CSD (subject to such participant's agreement with the owners of the Notes to act in this capacity).

### **Over-the-counter Transactions with the ETNs held with AIX Registrar and/or AIX CSD**

Only the App Investors are eligible for opening a direct account at AIX Registrar and/or AIX CSD subject to the terms and conditions of the App Services Agreement. In order to transfer the ETNs held in any account with AIX Registrar and/or AIX CSD or receive the ETNs into an account at AIX Registrar and/or AIX CSD (either as a result of subscription and redemption transaction or other types of transaction, such as gift or inheritance) a person must:

- have an account with AIX Registrar and/or AIX CSD; and
- submit to AIX Registrar and/or AIX CSD an electronic instruction via the App to transfer ETNs into or from its account with AIX Registrar and/or AIX CSD (together with the relevant documents).

### **Trading of the Notes on AIX and Their Settlement in AIX CSD**

The ETNs are expected to be traded on AIX. The settlement of these on-exchange trades of the ETNs will be made in the depository system of AIX CSD in accordance with the business rules and procedures of AIX CSD.

AIX CSD holds securities for trading members of AIX, for other participants of AIX CSD and for their clients. Potential purchasers of the ETNs on AIX need to have an account opened with the participant of AIX CSD (which may be a trading member of AIX or a custodian with an account at AIX CSD). In such cases, ETNs will be held on behalf of investors in the relevant AIX CSD participant's account at AIX CSD.

AIX CSD facilitates clearance and settlement of securities transactions conducted on AIX between trading members of AIX. The clearing and settlement process that takes place at AIX CSD provides for the exchange of money and securities on a delivery-versus-payment basis through electronic book entry changes in the accounts of AIX CSD's participants and their respective clients. Secondary market sales of the ETNs held through AIX CSD will be conducted in accordance with the business rules and the procedures of AIX CSD.

AIX Registrar, as a legal entity which holds and maintains a register of the records of legal owners of the ETNs, interacts with AIX CSD's depository system, and, as part of such interaction, AIX CSD will provide details of the ultimate beneficial owners of the ETNs to AIX Registrar to the extent such details are available in the depository system of AIX CSD.

## UNDERLYING ETF

THE INFORMATION IN THIS SECTION HAS BEEN TAKEN “AS IS” FROM THE WEB-SITE ([WWW.ISHARES.COM/](http://WWW.ISHARES.COM/)) MAINTAINED FOR THIS UNDERLYING ETF AND THE ISSUER 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 [WWW.ISHARES.COM](http://WWW.ISHARES.COM) PRIOR TO PURCHASING ANY ETNS.

### Overview

The return of ETNs is linked to the performance of the iShares MSCI China A ETF (Cboe BZX: CNYA) (the “**Underlying ETF**”).

### Key Facts

Net Assets of Fund as of Feb 21, 2024	\$174,728,039	Fund Inception	Jun 13, 2016
Exchange	Cboe BZX formerly known as BATS	Asset Class	Equity
Benchmark Index	MSCI China A Inclusion Index	Bloomberg Index Ticker	M1CNA
Shares Outstanding as of Feb 21, 2024	6,850,000	Distribution Frequency	Semi-Annual
Daily Volume as of Feb 21, 2024	334,200.00	CUSIP	46434V514

### Portfolio characteristics

Number of Holdings as of Feb 20, 2024	564	P/E Ratio as of Feb 20, 2024	12.70
P/B Ratio as of Feb 20, 2024	1.60		

### Top 10 holdings (as of February 20, 2024)

Issuer	Weight (%)	Issuer	Weight (%)
KWEICHOW MOUTAI LTD A	5.79	PING AN INSURANCE (GROUP) OF CHINA	1.24
CONTEMPORARY AMPEREX TECHNOLOGY LT	1.92	SHENZHEN MINDRAY BIO-MEDICAL ELECT	1.00
CHINA MERCHANTS BANK LTD A	1.76	AGRICULTURAL BANK OF CHINA LTD A	0.98
CHINA YANGTZE POWER LTD A	1.71	INDUSTRIAL BANK LTD A	0.93
WULIANGYE YIBIN LTD A	1.43	INDUSTRIAL AND COMMERCIAL BANK OF	0.93

### Investment Objective

The Underlying ETF seeks to track the investment results of the MSCI China A Inclusion Index (the “**Index**”), which is designed to measure the equity market performance in the People’s Republic of China (“**China**” or the “**PRC**”), as represented by “A-shares” (as defined below) that are accessible through the Shanghai-Hong Kong Stock Connect program (“**Shanghai Connect**”) or the Shenzhen-Hong Kong Stock Connect program (“**Shenzhen Connect**,” and together with Shanghai Connect, “**Stock Connect**”). “A-shares” are equity securities of companies based in China that trade on the Shanghai Stock Exchange (“**SSE**”) and the Shenzhen Stock Exchange (“**SZSE**”).

### Index

The Index is designed to track the inclusion of A-shares in the MSCI Emerging Markets Index over time and is constructed by MSCI, Inc. (the “**Index Provider**” or “**MSCI**”) by applying eligibility criteria for the MSCI Global Investable Market Indexes (“**GIMI**”), and then excluding A-shares suspended for trading for more than 50 days in the past 12 months and A-shares that are not accessible through Stock Connect. The Index is weighted by each issuer’s free float-adjusted market capitalization available to foreign investors. As of July 31, 2022, a significant portion of the Index is represented by securities of companies in the financials and industrials industries or sectors. . The components of the Index are likely to change over time.

## Fees and Expenses Attributable to Underlying ETF

The following table describes the fees and expenses that you will incur if you buy, hold and sell shares of the Underlying ETF. The investment advisory agreement between iShares Trust (the “**Trust**”) and BlackRock Fund Advisors (“**BFA**”) (the “**Investment Advisory Agreement**”) provides that BFA will pay all operating expenses of the Underlying ETF, except the management fees, interest expenses, taxes, expenses incurred with respect to the acquisition and disposition of portfolio securities and the execution of portfolio transactions, including brokerage commissions, distribution fees or expenses, litigation expenses and any extraordinary expenses.

### Underlying ETF Annual Ordinary Operating Expenses

**Annual Fund Operating Expenses**  
(ongoing expenses that you pay each year as a percentage of the value of your investments)

Management Fees	Distribution and Service (12b-1) Fees	Other Expenses*	Total Annual Fund Operating Expenses
0.60%	None	0.00%	0.60%

\* The amount rounded to 0.00%.

## Principal Investment Strategies

The Underlying ETF intends to invest in A-shares included in the Index primarily through Stock Connect. Stock Connect is a securities trading and clearing program with an aim to achieve mutual stock market access between the PRC and Hong Kong. Stock Connect was developed by Hong Kong Exchanges and Clearing Limited, the SSE (in the case of Shanghai Connect) or the SZSE (in the case of Shenzhen Connect), and China Securities Depository and Clearing Corporation Limited (“**CSDCC**”). Under Stock Connect, the Underlying ETF’s trading of eligible A-shares listed on the SSE or the SZSE, as applicable, would be effectuated through its Hong Kong brokers. Trading through Stock Connect is subject to a daily quota (the “**Daily Quota**”), which limits the maximum net purchases under Stock Connect each day, and as such, buy orders for A-shares would be rejected once the Daily Quota is exceeded (although the Underlying ETF will be permitted to sell A-shares regardless of the Daily Quota balance). The Daily Quota is not specific to the Underlying ETF. From time to time, other stock exchanges in China may participate in Stock Connect, and A-shares listed and traded on such other stock exchanges and accessible through Stock Connect may be added to the Index, as determined by MSCI.

While the Underlying ETF seeks to invest in A-shares, the Underlying ETF occasionally may invest in other assets consistent with its investment strategies if it is not possible to acquire A-shares.

BFA uses a “passive” or indexing approach to try to achieve the Underlying ETF’s investment objective. Unlike many investment companies, the Underlying ETF does not try to “beat” the index it tracks and does not seek temporary defensive positions when markets decline or appear overvalued. Indexing may eliminate the chance that the Underlying ETF will substantially outperform the Index but also may reduce some of the risks of active management, such as poor security selection. Indexing seeks to achieve lower costs and better after-tax performance by aiming to keep portfolio turnover low in comparison to actively managed investment companies.

BFA uses a representative sampling indexing strategy to manage the Underlying ETF. “Representative sampling” is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of an applicable index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of an applicable index. The Underlying ETF may or may not hold all of the securities in the Index.

The Underlying ETF generally will invest at least 80% of its assets in the component securities of its Index and in investments that have economic characteristics that are substantially identical to the component securities of its Index (i.e., depository receipts representing securities of the Index) and may invest up to 20% of its assets in certain futures, options and swap contracts, cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates, as well as in securities not included in the Index, but which BFA believes will help the Underlying ETF track the Index. Cash and cash equivalent investments associated with a derivative position will be treated as part of that position for the purposes of calculating investments not included in the Index. The Underlying ETF seeks to track the investment results of the Index before fees and expenses of the Underlying ETF. The Index is sponsored by MSCI, which is independent of the Underlying ETF and BFA. The Index Provider determines the composition and relative weightings of the securities in the Index and publishes information regarding the market value of the Index.

**Industry Concentration Policy.** The Underlying ETF will concentrate its investments (i.e., hold 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the Index is concentrated. For purposes of this limitation, securities of the U.S. government (including its agencies and instrumentalities) and repurchase agreements collateralized by U.S. government securities are not considered to be issued by members of any industry.

**Additional information about Underlying ETF**

For more information about Underlying ETF, visit the website at [www.ishares.com](http://www.ishares.com). Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus of Underlying ETF; read and consider it carefully before investing.

## ISSUER/SPC

iX China Equities SPC Limited, a special purpose company incorporated under the laws of the AIFC on 14 December 2021 (under the initial name of Portfolio 2 SPC Limited and renamed to its current name on May 18, 2022) 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 25490075WME5J60TLP29. The SPC passed the necessary resolutions by virtue of which the ETNs have been created.

In addition to incorporating the SPC, AIX FM incorporated a number of special purpose companies in the AIFC in previous years. Each special purpose company issued/or expected to issue exchange traded notes linked to the performance of various foreign and domestic funds where such notes are intended to be listed and traded on the Stock Exchange.

### Main business purpose

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

### Legal form

iX China 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.

The Registrar of Companies of the AIFC has issued a certificate of incorporation with respect to the SPC on 14 December 2021.

### 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) any other activity approved in writing by the Registrar of Companies of the AIFC;
  - (e) any activity ancillary to an activity mentioned in paragraphs (a) to (d); and
- any other lawful activity for which companies may be incorporated under the Companies Regulations.

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).

### Board of Directors

AIX FM, a wholly-owned subsidiary of AIX, shall act as the sole director and secretary of the SPC. The appointment of AIX FM, 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).

AIX FM and its board of directors are described in the Section below headed “Management Company” on pages 54 to 55 of this Prospectus.

### Auditor

The SPC has appointed IAC Russell Bedford A+ Partners LLP as its Auditor. IAC Russell Bedford A+ Partners LLP will perform the function of the external auditor of the SPC for the 2023 financial year. The audited financial statements prepared

in accordance with IFRS will be 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.

### **Working Capital Statement**

AIX FM 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 Prospectus.

### **Management Company**

The SPC has appointed AIX FM, a wholly-owned subsidiary of AIX, as the Management Company, as described in this Prospectus on this page. AIX FM and/or its affiliates are responsible for the provision of certain services and have a right to receive the management fee pursuant to the Management Agreement and as described on this and the next pages of this Prospectus.

The SPC is run operationally by the Management Company under the Management Agreement. The Management Company may outsource some of its functions from AIX.

### *Details of the Management Agreement*

Under the Management Agreement, the Management Company will provide, supply and render such management, administrative and operational support services as are necessary to provide to the SPC and, as more specifically described below:

- administer and supervise all the finances of the business, including payroll, taxes, accounting, bookkeeping, record keeping, managing or accounts payable, and accounts receivable, accounting and management of dividends received, calculation and distribution of coupons payable, banking, operations with securities issued or owned by the SPC, financial records and reporting functions as they pertain to the business of the SPC. The Management Company shall prepare and maintain the accounting records of the business according to IFRS principles and shall provide the SPC with monthly financial reports including but not limited to cash flow statements, income statements, balance sheets and other reports and information as may be requested by the SPC from time to time;
- supervise and control the purchase of all materials and supplies, and acquire, lease, dispose of and repair equipment and facilities necessary to provide safe and adequate service to the business of the SPC;
- manage all costs and all pricing on a customer-by-customer basis, estimate all costs on new contracts, bid on and enter into new contracts, and control all costs for contracts in progress;
- provide legal services, including commence, defend and control all legal actions, arbitrations, investigations and proceedings that arise due to events occurring in connection with the business of the SPC during the term of the Management Agreement;
- provide IT services, including maintenance of IT systems, disaster recovery, data backup, creation of websites and their further maintenance;
- provide the SPC with office or storage space sufficient to maintain the SPC's files, including utilities and telecoms;
- review operational procedures, internal audit inspections, and compliance;
- publish the NAV (and related components) on a daily basis;
- develop the marketing strategy of the SPC and prepare appropriate marketing and promotional materials;
- review all sales and marketing materials for compliance with applicable laws and conditions of any applicable order, and file such materials with the financial services authority when necessary or appropriate;
- manage bank accounts of the SPC, including making/receiving any payments from such bank accounts;
- provide access to bank accounts of the Management Company, obtain statements of account and carry out any actions required to keep bank accounts;
- to exclusively receive and process all orders for purchases of the Creation Amount of ETNs issued by the SPC from the Initial Purchaser and/or Authorised Participant;
- to exclusively receive and process all orders for disposal of Redemption Amounts of ETNs issued by the SPC from the Initial Purchaser and/or Authorised Participant; and
- provide any other services necessary for the functioning of the SPC.

In addition to the services mentioned above, the Management Company has a right to act on behalf of the SPC, including, but not limited to:

- the execution and signature of any agreements with third parties, including but not limited to custodians, auditors, brokers, Authorised Participants, etc., as well as supplemental agreements thereto;
- sending payment orders on behalf of the SPC to banks, custodians, brokerage companies, Authorised Participants

- and other third parties; and
- receiving any information related to the activity of the SPC from any third party.

In exchange for the services to be provided by the Management Company, the SPC shall pay to the Management Company a management fee (the “**Management Fee**”), which will be accrued on a daily basis based on the NAV of the previous day and to be paid monthly by the SPC.

The Management Company may change the Management fee, provided that the Total Expense Ratio may not exceed 0.5 percent per annum.

In addition, the Management Company may, but is under no obligation to, pay any operational fees at its own expense, with or without reimbursement from the SPC as described in this Prospectus on page 14. If at any time the Total Expense Ratio exceeds 1.0 percent per annum, the Management Company has a right, but no obligation, to reimburse the SPC for such shortfalls, as described in this Prospectus on page 19.

#### *The Management Company*

AIX FM, a private company limited by shares, incorporated the SPC and is the SPC’s sole shareholder. AIX FM was incorporated in the AIFC by AIX as a private company on 2 October 2019 with an initial share capital of US\$1,500,000. On March 15, 2023 the Board of Directors of AIX decided to decrease the share capital by US\$1,000,000 with further sale of 100% shares in AIX FM to AIFC Business Connect Ltd. or its affiliate.

#### *The sole shareholder of the Management Company*

AIX is the sole shareholder of AIX FM. The following entities are the shareholders of AIX: Astana International Financial Centre Authority JSC (71.89%), Shanghai Stock Exchange (21.18%), Nasdaq Technology AB (2.71%), China-Kazakhstan Production Capacity Cooperation Fund Co., Ltd. (4.22%).

The majority shareholder of AIX, Astana International Financial Centre Authority JSC, is a joint stock company incorporated under the Kazakhstan legislation and its legal status is defined in Article 11 of the Constitutional Statute of the Republic of Kazakhstan “On the Astana International Financial Centre” No. 438-V ZRK, dated 7 December 2015.

As of the date of this Prospectus, the SPC has signed the following agreements with AIX FM and other affiliated entities:

- the Management Agreement with AIX FM;
- the agreement with the AIX Registrar for keeping the register of ETNs;
- the Subscription Agreement with Astana International Exchange Market Liquidity Services Limited; and
- the Authorised Participant Agreement with Astana International Exchange Market Liquidity Services Limited.

#### *Only Director of the Management Company*

AIX FM must have at least one Director. Mr. Zharas Mussabekov as a sole Director of AIX FM was appointed by a resolution of the sole shareholder of AIX FM dated May 05, 2021. The business address of the Director of AIX FM is: Mangilik El, building 55/19, block C 3.4. Astana, Kazakhstan.

There is no potential or current conflict of interests between the personal interests of the director of AIX FM and that of the duties such director owes to the Issuer or the business interests of the Issuer. There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which the director of AIX FM was or is currently their director.

The Issuer has not established any committees or sub-committees (including in respect of audit, nomination or remuneration) of the board of directors of AIX FM as of the date of this Prospectus.

**Zharas Mussabekov** has over 10 years of experience in financial services and led the Fund Operations division at AIX. Previously he led the Treasury Department at the Kazakhstan Temir Zholy National Company JSC. Mr. Mussabekov also worked in the Baiterek National Management Holding JSC at corporate finance and was involved in raising funds from the National Fund and the Republican budget. As an employee of the Development Bank of Kazakhstan JSC (“Bank”), he participated in the Bank’s borrowings at debt capital markets and worked at the Bank’s Treasury. Zharas started his career as an auditor at Deloitte in financial services industry. He has the degree of a Bachelor of Finance at L.N. Gumilyov Eurasian National University.

## Ultimate Holding Company

AIX, being a sole shareholder of AIX FM, is the ultimate holding company for the SPCs.

The board of directors of AIX comprises of:

- Timothy Bennett - Chairman of the Board;
- Nurlan Kussainov – Director;
- Hao Fu – Director;
- Janet Heckman – Independent Director;
- Patrick O’Brien – Independent Director; and
- Assel Mukazhanova – CEO of AIX

**Timothy Bennett** was appointed as a Chairman of the Board of AIX in May 2021. Before this appointment, he was CEO of AIX (from May 2018) and CEO of NZX, the operator of New Zealand’s securities and derivatives markets and provider of trading, post-trade and data services. Mr. Bennet led NZX through a period of significant organizational and regulatory change, including the replacement and upgrading of NZX’s trading and clearing systems, and the launch of 23 ETF’s through NZX Funds Management. Prior to joining NZX, Mr. Bennett was a Partner with Oliver Wyman and the Boston Consulting Group in Asia. Mr. Bennett has an MBA from the Wharton School, University of Pennsylvania and a B.C.A from Victoria University of Wellington.

**Nurlan Kussainov** has extensive work experience; he held the position of Deputy Chairman of the National Bank of Kazakhstan for two years, headed the Development Bank of Kazakhstan, worked as a managing partner in the Al Falah Partners direct investment fund, headed the “Center for Marketing and Analytical Research” JSC, was an adviser to the Minister of Economy and Budget Planning of the Republic of Kazakhstan, and led a special group of the Ministry of Industry and Trade of the Republic of Kazakhstan on accession to the World Trade Organization in Geneva. He graduated from the Kazakh State Academy of Management and Stanford Business School.

**Hao Fu** is a Vice Chair of the Global Business Committee, Shanghai Stock Exchange. Dr. Fu holds Ph.D. in Finance from Fudan University, and Master’s degree in Economics, Bachelor’s degree in International Trade from Sichuan University, China. He serves as the Managing Director of the Global Business Development Department and Leader of the Free Trade Zone Trading Platform Preparation team of the Shanghai Stock Exchange. **Dr.** Fu has received awards for Shanghai Financial Leading Talent (2017) and Shanghai Financial Innovative Figure (2014).

**Janet Heckman** was the Managing Director for the Southern and Eastern Mediterranean (SEMED) Region at the European Bank for Reconstruction and Development (EBRD) from February 2017 until December 2019. Based in Cairo, she was also the Country Head for Egypt. Mrs. Heckman joined the EBRD in Almaty in July 2012 from Citi as Director, Head of Kazakhstan and was appointed as an independent Air Astana Board Director in 2019. During her long career at Citi, she spent time as EMEA Corporate and Investment Managing Director and held a number of field roles across EMEA, and was responsible for Global Relationship Banking across CEMEA. Mrs. Heckman holds a Master’s of Science in Foreign Service with distinction from Georgetown University, Washington, D.C. and a BA in History from Kenyon College, Ohio. She also studied at the American University of Beirut, Lebanon.

**Patrick O’Brien** is the founding partner of Blizzard Partners Limited, a UK-based investment and advisory boutique with interests in the UK and Asia. Patrick currently sits on the Advisory Boards of a number of Companies & Funds. Prior to that, he spent over six years as a Partner of ADM Capital LLP based in London. Patrick joined ADM Capital from UBS Investment Bank which he left after 21 years, most recently as the Head of European Debt Capital Markets responsible for 33 financing and risk management activities of the bank in Europe. His investment experience includes early stage, growth, and opportunistic investment, taking both majority and minority positions across a wide range of sectors including Technology, Consumer, Healthcare, Agriculture, manufacturing, Renewable Energy, Leisure, Real Estate, Transportation, and Education. Patrick has an LLB(Hons) from University College London.

**Assel Mukazhanova** was appointed as Chief Executive Officer of the AIX from 16 January, 2023. Assel Mukazhanova has been working for the AIX since December 2017 as Head of Public Issuers and from October 2022 - as Chief Markets and Products Officer, and member of the Exchange’s Management and Executive Committees. She was in charge of the Markets divisions: Retail investors, Mining, Public Issuers, Belt&Road Initiative, Product Development. Assel Mukazhanova had started her career back in 1992 in Foreign Operations of Bank Turan. She has more than 25 years of experience in the financial and banking services industry and before joining AIFC/AIX, Assel held a role of Executive Director at JSC “Kazkommertsbank” focused on international banking, capital markets, investor relations, M&A and strategy issues. Mrs. Mukazhanova has a great experience of working with the international business community being deeply involved into various milestone fund raising transactions including but not limited to syndicated loans, Eurobonds, securitization, private



placements. She played a leading role in M&A transactions in the past and has been working on strategy development projects. Assel has been taking active part in pre-IPO transactions with strategic investors followed by one of the first international IPOs from Kazakhstan as well as the recently done IPO of NC JSC “Kazmunaygas”. Assel graduated from the Kazakh Academy of Management with a degree in International Business and she also followed executive academics at London and Harvard Business schools.

The business address of all members of the board of directors of AIX is: 55/19 Mangilik El st., block C 3.4. Astana, Kazakhstan.

## **Additional information**

### *Investments Information*

(a) the Issuer's principal investments for each financial year for the period covered by the historical financial information up to the date of the Prospectus – detailed information on the Issuer's investment is presented under “Financial information of the Issuer” section on pages 63 to 65 of this Prospectus.

(b) description, (including the amount) of the Issuer's principal investments for the period referred to in (a) - detailed information on the Issuer's investment is presented under “Financial information of the Issuer” section on pages 63 to 65 of this Prospectus.

(c) a description of the Issuer's principal investments that are in progress, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external) – the Issuer is planning to hold Permitted Assets only, including Shares, being foreign securities. Financing of acquisition of Shares will be carried out for expense of funds attracted via the issuance of ETNs.

### *Actual and proposed business activities*

A detailed description of the actual and proposed principal operations of the Issuer including:

(a) *the history of the Issuer* – the Issuer has been incorporated on 14 December 2021 and has limited history of operations.

(b) *a description of the principal activities and business of the Issuer* - Principal activity of the Issuer – issuance of the Exchange Traded Notes.

(c) a description of important events in the development of the Issuer's business – the Issuer has been incorporated on 14 December 2021 and from that date there were no important events in the development of the Issuer's business till the date of this Prospectus.

(d) *a description of, and key factors relating to, the nature of the Issuer's operations and its principal activities, specifying the main categories of products sold and/or services performed for each financial year for the period covered by the historical financial information* - Principal activity of the Issuer – issuance of the Exchange Traded Notes as described in the Prospectus; historical information is provided under “Financial information of the Issuer” section on pages 63 to 65 of this Prospectus.

(e) *an indication of any significant new products and/or services that have been introduced by the Issuer and, to the extent the development of new products or services have been publicly disclosed, the status of the development* – the only product of the Issuer are ETNs that are offered to trading on AIX..

(f) *a description of the principal markets in which the Issuer operates, including a breakdown of total revenues by category of activity and geographic market for each financial year for the period covered by the historical financial information* – the principal market for the Issuer is the Republic of Kazakhstan; all revenues are generated from the Republic of Kazakhstan.

(g) *if material to the Issuer's business or profitability, a summary of the extent to which the Issuer is dependent on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes* – not applicable, the Issuer does not need patents or licenses; and has no material contracts or new manufacturing processes.

(h) *the basis for any statement made by the Issuer regarding its competitive position* - not applicable, the Issuer has not made any statements regarding its competitive position.

#### *Significant factors affecting income/operations*

(a) Information regarding significant factors, including unusual or infrequent events or new developments, which are materially affecting or may likely to so affect the Issuer's income from operations, indicating the extent to which income was so affected – not applicable.

(b) Where the financial statements disclose material changes in net sales or revenues, a narrative discussion of the reasons for such changes – there were no material changes in net sales or revenues of the Issuer as of the date of this Prospectus.

(c) Information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the Issuer's operations – the Issuer's operations might be affected by the number of policies or factors, that could affect the operations of the Underlying ETF.

#### *Production and sales trends*

(a) *Information about the most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the Prospectus* – not applicable, the Issuer has been incorporated recently.

(b) If:

(i) *there has been no material adverse change relating to the information referred to in (a) since the date of its last published financial statements, a statement to that effect* – not applicable.

(ii) *the Issuer is not in a position to make such a statement, details of the material adverse change* – not applicable.

(c) *Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the past 12 months* – There are no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects, known to the Issuer as of the date of the Prospectus.

#### *Constitution*

A summary of the provisions of the constitution of the Issuer including:

(a) *a description of the Issuer's objectives and purpose and where they can be found in the constitution* – for a brief description of the Issuer's objectives, purposes and its Articles of Association please refer to the page 53 of the Prospectus.

(b) *a summary of any provisions of the constitution with respect to its Directors and any Person involved in the senior management of the Issuer including the members of the administrative, management and supervisory bodies* – the information about the management of the Issuer is provided on pages 54 to 55 of this Prospectus;

(c) *a description of the rights, preferences and restrictions attaching to each class of the existing Securities* – the Issuer has one share issued and owned by the Management Company as described in this Prospectus;

(d) *a description of what action is necessary to change the rights of holders of the Securities, indicating where the conditions are more significant than is required by any law applicable to the Issuer;* - not applicable.

(e) *a description of the conditions governing the manner in which annual general meetings and extraordinary general meetings of holders of Securities are called including the conditions of admission to the meeting* – not applicable, the Issuer has one shareholder;

(f) *a brief description of any provision of the constitution that would have an effect of delaying, deferring or preventing a change in control of the Issuer;*- not applicable.

(g) *an indication whether there are any provisions in the constitution, governing the ownership threshold above which shareholder ownership must be disclosed;* - not applicable

(h) *a description of the conditions imposed by the constitution governing changes in the capital, where such conditions are more stringent than is required by law applicable to the Issuer* – not applicable

#### *Group Structure*

All material information about the group and the management of the Issuer is described above, on pages 54 to 55 of the Prospectus.

### *Property, plant and equipment*

*Information about: (a) existing material fixed assets, including any leased properties, and any major encumbrances in respect of such assets – not applicable, the Issuer has no fixed assets as of the date of this Prospectus;*

*(b) planned acquisition of material fixed assets, including leased properties, and any major encumbrances in respect to those assets – not applicable, the Issuer is planning no acquisition of any fixed assets;*

*and (c) a description of any environmental issues that may affect the Issuer's utilisation of the assets referred to in (a) and (b) – not applicable.*

### *Material contracts*

*Information about material contracts of the Issuer including a summary of each material contract (to the extent not disclosed above), other than contracts entered into in the ordinary course of business, to which the Issuer or any member of the Group is a party, for the two years immediately preceding publication of the Prospectus – the Issuer entered into the following material contracts: the Authorised Participant Agreement, Initial Purchase Agreement, the Management Agreement and the Subscription Agreement. Brief summaries of these material contracts were provided above.*

*(b) a summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the Group which contains any provision under which any member of the Group has any obligation or*

*entitlement which is material to the Group as at the date of the Registration Document – not applicable, there are no such contracts.*

#### *Capital resources*

*(a) Information about the capital resources of the Issuer including: (i) the short and long term capital resources – not applicable, the Issuer doesn't need any capital resources;*

*(ii) an explanation of, the sources and amounts of, and a narrative description of, the cash flows – the cash flows for the Issuer derives from the operations on ongoing placements as described in this Prospectus; amounts of such cash flows will depend on the demand for ETNs issued;*

*(iii) the borrowing requirements and funding structure; - the Issuer doesn't plan any borrowings, its funding structure is described in this Prospectus.*

*(iv) any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, its operations – not applicable.*

*(b) Information regarding the anticipated sources of funds needed to fulfil commitments relating to (i) any existing or planned material tangible fixed assets, including leased properties, and any major encumbrances thereon; and (ii) any principal future investments to which the Board or the senior management of the Issuer have already made firm commitments – not applicable.*

#### *Share capital*

*(a) The amount of issued share capital, and for each class of share capital: (i) the number of Shares authorised; (ii) the number of Shares, issued and fully paid, and issued but not fully paid; (iii) the par value per Share, or that the Shares have no par value - The amount of issued share capital is described on page 64 of the Prospectus.*

*(iv) a reconciliation of the number of Shares outstanding at the beginning and end of the year. If more than 10% of capital has been paid for with assets other than cash within the period covered by the historical financial information, a statement to that effect – the number of shares in the Issuer owned by the Management Company did not change during 2022 financial year.*

*(b) If there are Shares not representing capital, the number and main characteristics of such Shares. (c) The number, book value and face value of Shares in the Issuer held by or on behalf of the Issuer itself or by Subsidiaries of the Issuer. (d) The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription. (e) Information about and terms of any acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the capital. (f) Historical information about the share capital highlighting any changes for the period covered by the historical financial information – not applicable.*

#### *Options*

*If any options or other rights granted in respect of Shares in the Issuer to any Person, a summary of the total of any such options, along with an estimate of the number of Shares which would be created, if such rights were to be exercised – not applicable, there are no options granted in respect of shares in the Issuer.*

#### *Management of the Issuer*

*(b) The nature of any family or business relationship between any of the Key Persons – there are no family or business relationships between any of the Key Persons.*

*(e) Information about any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any Key Person was selected as a Director or senior manager of the Issuer – not applicable, there are no such arrangements or understandings.*

*(f) Details relating to any restrictions agreed by a Key Person on the disposal within a certain period of time of his holdings in the Issuer's Securities – not applicable, there are no agreed restrictions.*

*Other information relating to key Persons*

(a) For the last completed financial year of the Issuer, information relating to each Key Person about: (i) the amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to such Persons by the Issuer and its Subsidiaries for services in all capacities to the Issuer and its Subsidiaries; and (ii) the total amounts set aside or accrued by the Issuer or its Subsidiaries to provide pension, retirement or similar benefits – not applicable, the Issuer has not paid or set aside or accrued any remuneration or benefits to any Key Person.

(b) For the last completed financial year of the Issuer: (i) the date of expiration of the current term of office, if applicable, and the period during which the Person has served in that office of each Key Person specified in (a)(i) – (iii); (ii) information about any service contracts with a Key Person and the Issuer or any of its Subsidiaries providing for benefits upon termination of employment, and if there are no such contracts, a statement to that effect – not applicable, the Issuer has no service contract that provides any benefits to the Key Persons upon termination of employment.

*Information about Employees*

Not applicable, the Issuer has no employees.

*Corporate governance*

The Issuer is not in full compliance with corporate governance principles under the AIFC Market Rules. The Issuer has a single director and secretary being AIX FM Limited. This corporate arrangement is permitted under the AIFC Special Purpose Companies Rules and was set forth due to the limited nature of the operations of the Issuer at the initial stage.

*Connected Persons*

The Issuer has been incorporated in the form of a special purpose company with AIX FM acting as a corporate Director. Details of persons controlling the Issuer are described on pages 54 to 55 of the Prospectus.

*Research and development*

Where material, a description of the Issuer's research and development policies for each financial year for the period covered by the historical financial information, including the amount spent on Issuer-sponsored research and development activities – not applicable, the Issuer has no research or development policies.

*Legal and other proceedings against the Issuer*

As of the date of the Prospectus, there are no current or prior governmental, legal or arbitration proceedings or disputes (including any such proceedings which are pending or threatened of which the Issuer is aware) against the Issuer, which may have, or have had a significant impact on the Issuer and/or its group's financial position or profitability.

*Documents for inspection*

Following documents in originals are open for inspection during the usual business hours at the address of the Issuer at 55/19 Mangilik El st., block C 3.4. Astana, Kazakhstan:

- (a) Articles of Association of the Issuer;
- (b) this Prospectus;
- (c) External Report.

*Reasons for the offer*

ETNs are offered to the potential investors; net proceeds of the issue of the Notes will be used by the Issuer for investments in the Permitted Assets only.

The estimated net amount of the proceeds is equal to the Initial Placement.

*The 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.

*An estimate of the total expenses related to the admission to trading*

The Issuer will pay the fees of AIX related to the listing and admission to trading of ETNs.

## FINANCIAL INFORMATION OF THE ISSUER

### FINANCIAL INFORMATION OF THE ISSUER

The financial information of the Issuer below as at and for the year ended 31 December 2022 was derived from the Issuer's Financial Statements 2022, which have been audited by IAC Russel Bedford A+ Partners LLP and were prepared in accordance with IFRS. You should read the following selected financial information in conjunction with the Issuer's Financial Statements for the Year ended 31 December 2022 and the notes thereto which are included in the annual report of the Issuer, published on the website of AIX.

Except for the information extracted from the Financial Statements this Prospectus does 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 Prospectus 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 2022.

	<b>31 December 2022</b>
<b>Assets</b>	
Cash and cash equivalents	3,592
Financial assets at fair value through profit or loss	91,125
<b>Total Assets</b>	<b>94,717</b>
<b>Equity</b>	
Share capital	1
Retained earnings/(accumulated loss)	-
<b>Total Equity</b>	<b>1</b>
<b>Liabilities</b>	
Financial liabilities at fair value through profit or loss	94,653
Other liabilities	63
<b>Total Liabilities</b>	<b>94,716</b>
<b>Total Equity and Liabilities</b>	<b>94,717</b>

### STATEMENT OF COMPREHENSIVE INCOME OF THE SPC

The table below sets forth the statement of comprehensive income of the SPC for the year ended 31 December 2022.

	<b>2022</b>
Net gain/(loss) from changes in fair value of financial assets	(3,577)
Net gain/(loss) from changes in fair value of financial liabilities	2,797
Dividends income on financial assets	2,333
<b>Operating income</b>	<b>1,553</b>
Administrative expenses	(988)
Other income	223
Net gain/(loss) from foreign currencies	(788)

<b>Profit before income tax expense</b>	-
Income tax expense	-
<b>Profit for the year</b>	-
Other comprehensive income for the year	-
<b>Total comprehensive income for the year</b>	-

## STATEMENT OF CASH FLOWS OF THE ISSUER

The table below sets forth the statement of cash flows of the Issuer for the year ended 31 December 2022.

2022

<b>Operating activities</b>	
Bank services	(13)
Other receipts	13
<b>Net cash flows used in operating activities</b>	-
<b>Investing activities</b>	
Dividends received from financial assets	1,629
<b>Net cash flows from investing activities</b>	<b>1,629</b>
<b>Financing activities</b>	
Placement of Exchange Traded Notes	2,013
Contribution of equity	1
<b>Net cash flows from financing activities</b>	<b>2,014</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,643</b>
Effect of exchange rates changes on cash and cash equivalents	(51)
Cash and cash equivalents, at the beginning of the year	-
<b>Cash and cash equivalents, at the end of the year</b>	<b>3,592</b>

## STATEMENT OF CHANGES IN EQUITY OF THE ISSUER

The table below sets forth the statement of changes in equity of the Issuer for the year ended 31 December 2022.

	Share capital	Retained earnings	Total equity
<b>As at the date of establishment</b>	-	-	-
Contributions of equity	1	-	1
Total comprehensive income for the period	-	-	-
<b>As at 31 December 2022</b>	<b>1</b>	<b>-</b>	<b>1</b>

## SELECTED FINANCIAL INFORMATION

Below is additional information on selected items.

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

As at 31 December 2022 financial assets at fair value through profit or loss include investment in the form of ordinary shares.

Issuer	Currency	31 December 2022	
		Number of shares	Market value
iShares MSCI China A ETF	US Dollar	<b>6,309</b>	<b>91,125</b>
		<b>6,309</b>	<b>91,125</b>



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

Changes in financial assets are as follows:

	Date of establishment	ETF/ETN exchange	Changes in fair value	Foreign exchange	31 December
2022	-	95,490	(3,577)	(787)	91,125

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

Issuer	Currency	31 December 2022	
		Number of ETNs	Market value
iX China Equities SPC Limited	Yuan	42,890	94,653
		42,890	94,653

Financial liabilities at fair value through profit or loss include exchange traded notes (“ETN”) issued by the Issuer and sold to the related party Astana International Exchange Market Liquidity Services Ltd.

The ETNs are unsecured and can be redeemed by the Issuer prior to maturity, which is 03 June 2032.

Changes in financial liabilities are as follows:

	Date of establishment	ETF/ETN exchange	Changes in fair value	Foreign exchange	31 December
2022	-	97,488	(2,797)	(38)	94,653

#### Administrative expenses

	2022
Withholding tax	700
Custodian service	210
Management fee	65
Bank service	13
	988

#### Other income

Other income is a reimbursement of administrative expenses by AIX FM in amount of 223 thousand tenge.

#### Related Party Transactions

The major transactions with related parties for the year ended 31 December 2022 were as follows:

	2022
Administrative expenses	
AIX FM Ltd.	(65)

## TAXATION

*The following is a general description of certain material tax considerations relating to the Notes under Kazakhstan tax legislation. This summary is based upon the Constitutional Law of the Republic of Kazakhstan “On the Astana International Financial Centre” No. 438-V ZRK, dated of 7 December 2015, the Kazakhstan Tax Code and income tax conventions (treaties) in effect at the date of this Prospectus. Legislative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set out in this Prospectus. Any such changes or interpretations may be retroactive and could affect the tax consequences of ownership of the Notes by noteholders. This summary does not purport to be a legal opinion or contain a complete analysis of all tax considerations relating to the Notes. For the purpose of this Prospectus, the Issuer has not reviewed any tax legislation of any country other than the tax legislation of Kazakhstan.*

***Prospective investors in the Notes should consult their tax advisers as to which countries’ tax laws could be relevant to their acquiring, holding and disposing of the Notes and receiving any amounts in connection with the Notes and the consequences of such actions under the tax laws of those countries.***

***If an ETN holder intends to purchase and/or purchases the ETNs as provided for in this Prospectus such ETN holder should consult with their tax advisers regarding any tax consequences of such receipt, holding and subsequent sale of the ETNs under applicable tax legislation. Such ETN holders may also consider reviewing the prospectus issued in connection with the Shares (as may be supplemented from time to time) and which is available at <https://www.ishares.com>.***

*The information and analysis contained within this Section are limited to taxation issues under the tax legislation of Kazakhstan, and prospective investors should not apply any information or analysis set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.*

*In addition, prospective investors should note that an appointment by an investor in the Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. **Prospective investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.***

### **Republic of Kazakhstan Taxation**

*The following is a general summary of Kazakhstan tax consequences as of the date of this Prospectus in relation to the sale or transfer of the Notes. It is not exhaustive, and purchasers are urged to consult their professional advisers as to the tax consequences to them of holding or transferring Notes.*

#### ***Capital gains***

Individuals and legal entities are exempt from individual and corporate income tax on capital gains mentioned above if the Notes are included as at the date of accrual in the official list of AIX.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR PURCHASER. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT HIS (HER) OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES IN LIGHT OF THE PURCHASER’S OWN CIRCUMSTANCES.**

### **Taxation of the SPC in the Republic of Kazakhstan**

The SPC may be subject to a corporate income tax at a 20 percent rate in case the taxable income arises based on the Kazakhstan tax legislation.

### **Withholding tax in respect of dividends and distributions to be received by the SPC**

Dividends, interest and capital gains (if any) that the SPC receives with respect to Shares owned by the SPC may be subject to taxes, including withholding taxes, in other countries. It is anticipated that the SPC may not be able to benefit from reduced rates of withholding tax in double taxation agreements between Kazakhstan and such countries.

If this position changes in the future and the application of a lower rate results in repayment to the SPC, the NAV will not be re-stated and the benefit will be allocated to the existing ETN holders rateably at the time of the repayment.

## IMPORTANT NOTICE

**IMPORTANT: You must read the following.** The following applies to this Prospectus, and you are therefore advised to read this page carefully before accessing or making any other use of this Prospectus. In accessing this Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the SPC as a result of such access.

This Prospectus has been prepared solely in connection with the proposed offering to certain institutional, professional and retail investors of the securities described herein (the “Notes” or “ETNs”).

NOTHING IN THIS DOCUMENT AND (OR) ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO, EXCEPT AS EXPRESSLY DESCRIBED HEREIN. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES LAWS OF ANY JURISDICTION, AND THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, TO, OR FOR THE ACCOUNT OR BENEFIT OF ANY PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS DOCUMENT AND (OR) TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THIS PROSPECTUS.

**Confirmation of your representation:** This Prospectus is being sent to you at your request and, by accessing this Prospectus, you shall be deemed to have represented to the Issuer that you consent to the delivery of this Prospectus by electronic transmission.

You are reminded that this Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Prospectus to any other person.

The materials relating to this offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer, the offering shall be deemed to be made by such a licensed broker or dealer on behalf of the Issuer in such jurisdiction.

This Prospectus has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Issuer or any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer.

## GENERAL PROVISIONS

**IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER, THE TERMS OF THE NOTES AND THE OFFERING AND THE INFORMATION ABOUT THE UNDERLYING ETF (AVAILABLE AT [HTTPS://WWW.ISHARES.COM](https://www.ishares.com)), INCLUDING THE MERITS AND THE RISKS INVOLVED.**

**THE NOTES ARE OF A SPECIALIST NATURE AND SHOULD ONLY BE BOUGHT AND TRADED BY INVESTORS WHO ARE PARTICULARLY KNOWLEDGEABLE IN INVESTMENT MATTERS. AN INVESTMENT IN THE NOTES IS SPECULATIVE, INVOLVES A HIGH DEGREE OF RISK AND MAY RESULT IN THE LOSS OF ALL OR PART OF THE INVESTMENT.**

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof, that there has been no adverse change in the financial position of the Issuer since the date hereof or that the information contained herein or any other information supplied in connection with the Notes is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Prospectus does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. Laws in certain jurisdictions may restrict the distribution of this Prospectus and the offer and sale of the Notes. Persons into whose possession this Prospectus or any of the Notes are delivered must inform themselves about and observe any such restrictions. Each prospective investor of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Prospectus. In addition, each prospective investor must obtain any consent, approval or permission required under the regulations in force in any jurisdiction to which it is subject or in which it purchases, offers or sells the Notes. The Issuer shall not have any responsibility for obtaining such consent, approval or permission. This Prospectus may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorised or is unlawful.

No action is being taken to permit a public offering of the Notes or the distribution of this Prospectus (in any form) in any jurisdiction where action would be required for such purposes.

**The contents of this Prospectus should not be construed as legal, financial, business or tax advice. Each prospective investor should consult his or her own legal adviser, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase or proposed purchase of the Notes. Prospective investors should be aware that they might be required to bear the financial risks of an investment in the Notes for an indefinite period of time.**

Recipients of this Prospectus are authorised to use it solely for the purpose of considering an investment in the Notes and may not reproduce or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than considering an investment in the Notes. In making an investment decision, prospective investors must rely upon their own examination of the Issuer and the Notes and the terms of this Prospectus, including the risks involved.

The language of this Prospectus is English.

The Notes have not been recommended by or approved by the any federal or state securities commission or regulatory authority in any jurisdiction, nor has any such commission or regulatory authority passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the relevant jurisdiction.

## ENFORCEABILITY OF CIVIL LIABILITIES AND CERTAIN LEGAL MATTERS

### Enforceability of Civil Liabilities

The Issuer is a special purpose company registered under the laws of the AIFC and governed by the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017) and certain of its officers and directors and certain other persons referred to in this Prospectus are residents of Kazakhstan. Some of the assets of the Issuer are located in Kazakhstan. As a result, subject to the following paragraph, it may not be possible: (i) to effect service of process upon the Issuer or any such person outside Kazakhstan; (ii) to enforce against any of them, in courts of jurisdictions other than Kazakhstan, judgments obtained in such courts that are predicated upon the laws of such other jurisdictions; or (iii) to enforce against any of them, in Kazakhstan courts, judgments obtained in jurisdictions other than Kazakhstan.

**Kazakhstan's courts will not enforce any judgment obtained in a court established in a country other than Kazakhstan unless (i) there is in effect a treaty between such country and Kazakhstan providing for reciprocal enforcement of judgments and then only in accordance with the terms of such treaty or (ii) there is an actual reciprocity (i.e., the particular judge is satisfied that there is an evidence that judgments obtained in Kazakhstan are enforceable (or were actually enforced) in such other country). For example, there is no such treaty in effect between Kazakhstan and the United Kingdom or the United States; and existence of an actual reciprocity in the United Kingdom or the United States could be difficult or even impossible to prove. However, Kazakhstan is a party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "Convention") and, accordingly, an arbitral award rendered in a country which is also a party to the Convention should be recognised and enforceable in Kazakhstan provided the conditions to recognition and enforcement set out in the Convention and the laws of Kazakhstan are met.**

## GOVERNING LAW

The Notes (including the agreement between the SPC and the ETN holders relating to arbitration provided for in the paragraph headed “Arbitration” below), and any non-contractual obligations arising out of or in connection with the Notes, are governed by, and shall be construed in accordance with, the Acting Law of the AIFC.

## ARBITRATION

Any claim, dispute, controversy or difference of whatever nature arising under, out of or in connection with the Notes (including a claim, dispute, controversy or difference regarding validity, interpretation, performance, breach or termination of any Notes or any non-contractual obligations arising out of or in connection with the Notes) (a “**Dispute**”), shall be referred to and finally settled by arbitration administered by the International Arbitration Centre of the Astana International Financial Centre (“**IAC**”) in accordance with the IAC Arbitration and Mediation Rules (the “**Rules**”) in force on the date on which the Request for Arbitration is filed with the Registrar of the IAC. The Rules shall be deemed to be incorporated by reference into this Prospectus.

The seat of arbitration shall be Astana city, the Republic of Kazakhstan and the language of arbitration shall be English.

In this paragraph:

“**Joinder Order**” means an order by a Tribunal that a Primary Dispute and a Linked Dispute be resolved in the same arbitral proceedings, including a decision of the Tribunal to consolidate a newly commenced arbitration with a pending arbitration.

“**Linked Dispute**” means any Dispute and/or any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes, in which a Request for Arbitration (as defined in the Rules) is served after a Request for Arbitration (as defined in the Rules) has been served in respect of a Primary Dispute.

“**Primary Dispute**” means any Dispute and/or any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes, in which a Request for Arbitration (as defined in the Rules) has been served before a Request for Arbitration (as defined in the Rules) has been served in relation to any Linked Dispute.

“**Tribunal**” means any arbitral tribunal appointed under this paragraph.

(i) Any party to both a Primary Dispute and a Linked Dispute may apply to the Tribunal appointed in relation to the Primary Dispute for a Joinder Order in relation to any Linked Dispute.

(ii) The applicant for a Joinder Order must promptly notify all parties to the Primary Dispute and the Linked Dispute of any application under (i) above.

(iii) The Tribunal appointed in relation to the Primary Dispute may, if it considers it just, make a Joinder Order on hearing an application brought under (i) above. In determining whether to make a Joinder Order, the Tribunal must take account of:

- (A) the likelihood and consequences of inconsistent decisions if joinder or consolidation is not ordered;
- (B) any failure on the part of the party seeking joinder or consolidation to make a timely application; and
- (C) the likely consequences of joinder or consolidation in terms of cost and time.

(iv) If the Tribunal makes a Joinder Order:

- (A) it will immediately, to the exclusion of any other Tribunal, have jurisdiction to resolve finally the Linked Dispute in addition to its jurisdiction in relation to the Primary Dispute;
- (B) it must order that notice of the Joinder Order and its effect be given immediately to any arbitrator(s) already appointed in relation to the Linked Dispute and to all parties to the Linked Dispute and to all parties to the Primary Dispute; and

(C) any appointment of an arbitrator in relation to the Linked Dispute before the date of the Joinder Order will terminate immediately and that arbitrator will be deemed to be functus officio with effect from the date of the Joinder Order. Such termination is without prejudice to:

- (1) the validity of any act done, or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;
- (2) his entitlement to be paid his proper fees and disbursements; and
- (3) the date when any claim or defense was raised for the purpose of applying any limitation bar or any similar rule or provision.

(D) it may also give any other directions it considers appropriate to:

- (1) give effect to the Joinder Order and make provisions for any costs which may result from it (including costs in any arbitration terminated as a result of the Joinder Order); and
- (2) ensure the proper organisation of the arbitration proceedings and the proper formulation and resolution of the issues between the parties.

(v) If a Tribunal appointed in respect of a Primary Dispute hereunder makes a Joinder Order which confers on that Tribunal jurisdiction to resolve a Linked Dispute arising hereunder, that Joinder Order and the award of that Tribunal will bind the parties to the Primary Dispute and the Linked Dispute being heard by that Tribunal.

(vi) For the avoidance of doubt, where a Tribunal is appointed under this paragraph, the whole of its award (including any part relating to a Linked Dispute) is deemed for the purposes of the New York Convention on the Recognition and Enforcement of Arbitral Awards 1958 to be contemplated by this paragraph.

(vii) Each of the Issuer and the ETN holders waives any objection, on the basis of a Joinder Order, to the validity and/or enforcement of any arbitral award made by a Tribunal following any Joinder Order.

## **RIGHTS OF THIRD PARTIES**

No third party (i.e., a party other than the SPC and the ETN holder) shall have any right to enforce any term or condition of this Prospectus in relation to the Notes, including any rights under Part 10 (Rights of Third Parties) of the AIFC Contract Regulations (the AIFC Regulations No. 3 of 2017).

## **BINDING NATURE OF THE PROSPECTUS**

ETN holders hereby agree, by acquiring any ETNs, whether directly, through a brokerage company or otherwise whatsoever, to be bound by the terms and conditions of this Prospectus and this Prospectus constitutes a binding contract between the SPC and each ETN holder.



## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Prospectus includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Issuer's control and all of which are based on its current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "forecasts", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned", "anticipates", the negatives thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer concerning, among other things, the results of operations, financial condition, prospects, growth, strategies, capital expenditure and development plans of the Issuer and the industries in which the Issuer operates.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved and actual events or results may differ materially as a result of risks and uncertainties facing the Issuer. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Such forward-looking statements contained in this Prospectus speak only as at the date of this Prospectus. The Issuer expressly disclaims any obligation or undertaking to update the forward-looking statements contained in this Prospectus to reflect any change in their expectations or any change in the events, conditions or circumstances on which such statements are based.

All subsequent written and oral forward-looking statements attributable to the Issuer and those acting on behalf of the Issuer are expressly qualified in their entirety by this Section. Before making an investment decision, prospective investor should specifically consider the factors identified in this Prospectus that could cause actual results to differ.

None of the Issuer or its management can give any assurance as to the future accuracy of the opinions set out in this Prospectus or as to the actual occurrence of any predicted developments.

## RESPONSIBILITY STATEMENT

Subject to the following paragraph, the Issuer, having made all the reasonable enquiries, accepts responsibility for this Prospectus (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 this 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 Notes, that the information contained in this 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 web-site <https://www.ishares.com/> maintained for the Underlying ETF and the Issuer 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 web-site <https://www.ishares.com> prior to purchasing any ETNs. The Issuer 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 Issuer 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 this 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 this Prospectus.