SECURITIES NOTE

dated February 13, 2024

23 357 iX Bitcoin Exchange Traded Notes[1] due December 09, 2031

issued under

REGISTRATION DOCUMENT

dated February 13, 2024

EXCHANGE TRADED NOTES PROGRAMME

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

This Securities Note dated February 13, 2024 for iX Bitcoin Exchange Traded Notes due December 09, 2031 (the "**Securities Note**") shall be read in conjunction with the Registration Document for Exchange Traded Notes Programme of AIX FM Limited dated February 13, 2024, including any amendments thereto (the "**Registration Document**"), and the Prospectus Summary for iX Bitcoin Exchange Traded Notes due December 09, 2031 (the "**Prospectus Summary**") (all three documents together, the "**Prospectus**"). These three documents collectively form the Prospectus for the purposes of AIFC Market Rules No.FR0003.

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

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

This Securities Note upon its publication and effective from February 13, 2024 supersedes the Securities Note of iX Bitcoin SPC Limited Exchange Traded Notes due December 09, 2031 dated October 22, 2022.

General

- The iX Bitcoin Exchange Traded Notes (the "**ETNs**") are senior unsecured debt obligations of iX Bitcoin SPC Limited (the "**SPC**"), a special purpose company incorporated in the AIFC whose sole assets are shares in the ProShares Bitcoin Strategy ETF (NYSE trading ticker: "BITO") (the "**Shares**") (the "**Underlying ETF**") and Cash (together, "**Underlying Assets**"). The base currency of the Underlying ETF is US Dollars (US$).

- The Underlying ETF seeks investment results, before fees and expenses, that correspond to the performance of bitcoin. The Underlying ETF currently seeks to achieve this objective primarily through investments in bitcoin futures contracts. The Underlying ETF does not invest directly in bitcoin. The Underlying ETF is described in more detail on pages 21 to 23 of this Securities Note.

- The ETNs seek to provide investors a return linked to the performance of the Underlying ETF, reduced by the Expenses. If the price of Shares at the date of your sale of ETNs is greater than the price of Shares at the date of your purchase of ETNs, you will receive less due to accrued Expenses. The amount of accrued Expenses will reduce the amount, if any, you will receive at maturity, upon Redemption or upon Early Termination (as the case may be), which could result in a loss to you on your investment, even if the price of Shares at the date of your sale is greater than the price of Shares at the date of your purchase. **Any payment on the ETNs is subject to the SPC's ability to pay its obligations as they become due.**

- The ETNs are issued by the SPC, a special purpose company incorporated in the AIFC and governed by the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017). The SPC is a wholly-owned subsidiary of AIX FM Limited (the "**Management Company**"). The Management Company is itself a wholly-owned subsidiary of the Astana International Exchange Limited ("**AIX**").

[1] This amount represents the current number of ETNs outstanding. The Issuer may issue additional ETNs as further described in the Prospectus.

- **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 high volatility of digital currencies, the uncertainty about their future and the unreliability of the digital currencies exchange platforms and wallet providers makes digital currencies or financial instruments linked to digital currencies unsuitable for most consumers, including those with a short-term investment horizon, and especially those pursuing long-term goals like saving for retirement.**

- **Bitcoin is a form of unregulated decentralized digital money that is not issued or guaranteed by a central bank and that can act as means of payment in some jurisdictions, excluding Kazakhstan. Investing in bitcoin is highly speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for bitcoin can change rapidly and is affected by a variety of factors, including regulation and general economic trends. Bitcoin and bitcoin futures are relatively new investments. They are subject to unique and substantial risks, and historically, have been subject to significant price volatility. The value of an investment in bitcoin and bitcoin futures could decline significantly and without warning, including to zero. The performance of bitcoin futures contracts and therefore the performance of the ETNs may differ significantly from the performance of bitcoin. An investment in the ETNs is not intended as a complete investment program and is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. An investment in the ETN is considered high risk.**

- The ETNs are senior unsecured debt obligations of the SPC and mature on December 09, 2031.

- The ETNs do not guarantee any return on your investment. Prior to maturity of the ETNs, unless the ETNs are either redeemed or terminated in accordance with their terms, the ETN Holders will only be able to realise the value of their investment by selling the ETNs through a broker that is a trading member of AIX, the stock exchange within the AIFC. On maturity of the ETNs, the ETN Holders will receive Cash and/or Shares and the amount of such Cash and/or the number of Shares will be reduced by the Expenses.

- The ETNs will not pay any coupon.

- The base currency of the ETNs is US Dollars (US$) and the nominal value of the ETNs shall be expressed in US Dollars (US$). The nominal value of one ETN calculated as at the date of the initial Prospectus (being December 09, 2021) is equal to 32,25 US Dollars (US$). This nominal value is not a principal amount and, accordingly, does not provide the ETN Holder with a right to claim this amount from the SPC. The value and price of the ETNs will be subject to change on a daily basis, as described in the Prospectus.

- The ETNs are listed and admitted to trading on AIX under the ticker symbol "**BTC**". 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.

- 1 409 ETNs have been issued by the SPC in the amount of the Initial Placement and are sold off-exchange to the Initial Purchaser where the consideration provided by the Initial Purchaser consists of 1 409 Shares and cash in the amount of 1 000,00 US Dollars (US$). This amount represents the amount of the Initial Placement. Following the Initial Placement, ETNs are eligible for any public market sales. The SPC may issue additional ETNs or redeem existing ETNs, as further described in the Prospectus. As at the date of the Securities Note, the issued number of ETNs was 23 357 ETNs.

- Retail investors who qualify as an App Investor may subscribe for ETNs by filing an electronic request with SPC via the App. App Investors (other than Authorised Participant) have no right to require the SPC to redeem ETNs, but an App Investor may file an electronic request with SPC via the App for repurchase of its ETNs.

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

Astana International Exchange Ltd (AIX) and its related companies and their respective directors, officers and employees do not accept responsibility for the content of this Prospectus including the accuracy or completeness of any information or statements included in it. Liability for this Prospectus lies with the SPC. Nor has AIX, its directors, officers or employees assessed the suitability of the securities to which this

Prospectus relates for any particular investor or type of investor. If you do not understand the contents of this Prospectus or are unsure whether the securities are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

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DEFINITIONS AND KEY TERMS

Acting Law of the AIFC	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.
App	Means a mobile application developed by AIX under brand name "Tabys" and leased out to SPC (acting through the Management Company) based on corresponding sub-license arrangements to facilitating communication and document transactions (subscription or buyback) in respect of ETNs between the SPC and the App Investor. The App can be downloaded to investor's mobile device subject to the terms of service of the App.
App Investor	An investor 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.
Creation Amount	100 ETNs, subject to the right of the Management Company to modify the Creation Amount at any time at its sole and absolute discretion.
Custodian	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.
ISIN	KZX000000971.
Maturity Date	December 09, 2031.
Permitted Assets	The assets which the SPC is permitted to hold and own are: • Shares; and • Cash.
Placement Fee	Zero.
Primary Exchange or **NYSE Arca**	NYSE Arca stock exchange.
Redemption Fee	0.125 percent of a sum equal to the product of the NAV (as at the Business Day preceding the date of the Redemption Notice) multiplied by the number of ETNs redeemed, subject to the right of the Management Company to modify the Redemption Fee at any time at its sole and absolute discretion.
Redemption Amount	100 ETNs, subject to the right of the Management Company to modify the Redemption Amount at any time at its sole and absolute discretion.
SPC	iX Bitcoin SPC Limited ("**SPC**", "**we**", "**our**" or "**us**"), a special purpose company, registration number 210840900198, incorporated under the Acting Law of the AIFC on August 10, 2021 (under the initial name of iX Balanced Portfolio SPC Limited and renamed to its current name on October 26, 2021) with a registered address at Mangilik El, building 55/19, Astana, Kazakhstan, telephone +7(717) 223 53 66. The SPC is registered by Astana Financial Services Authority in the public register https://publicreg.myafsa.com/details/210840900198/ and governed by the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017).
Underlying ETF	Bitcoin Strategy ETF (NYSE trading ticker: "BITO").

NET ASSET VALUE

As at the date of this Securities Note, the Net Asset Value (“NAV”) was equal to 27.50 USD and consist of the following:

Date February 13, 2024

Type of asset	**Value, USD**
Cash	37,415.00
Shares (25,827 shares in the Bitcoin Strategy ETF)	605,126.61
Gross asset value	642,541.61
Total accrued Expenses for account of ETN Holders	216.71
NAV	642,324.90
NAV per ETN (with 23 357 ETNs outstanding as at the date of this Securities Note)	27.50

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

Month	**NAV per ETN, USD**	**Month**	**NAV per ETN, USD**
09 December 2021	32.25	December 2022	10.95
December 2021	29.60	January 2023	15.14
January 2022	24.45	February 2023	15.05
February 2022	27.04	March 2023	18.18
March 2022	29.20	April 2023	18.45
April 2022	24.45	May 2023	16.90
May 2022	20.23	June 2023	18.70
June 2022	12.20	July 2023	17.75
July 2022	15.40	August 2023	15.75
August 2022	12.92	September 2023	16.15
September 2022	12.54	October 2023	20.39
October 2022	13.11	November 2023	21.92
November 2022	11.23	December 2023	23.95
		January 2024	23.96

TERM AND CONDITIONS OF THE OFFER

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

Name of security	iX Bitcoin Exchange Traded Notes
Class of security	Senior unsecured debt notes
Form of security	Book-entered non-bearer securities in uncertificated form
Currency of security	US Dollars
Nominal value	The nominal value of one ETN calculated as at the date of the initial Prospectus (being December 09, 2021) is equal to 32,25 US Dollars (US$). This nominal value is not a principal amount and, accordingly, does not provide the ETN Holder with a right to claim this amount from the SPC.
Price of security	The value and price of the ETNs will be subject to change on a daily basis, as described in the Prospectus.
Governing law	Acting Law of the AIFC
Issuer	iX Bitcoin SPC Limited
Registrar	Astana International Exchange Registrar Ltd
Issue date	December 09, 2021
Maturity date	December 09, 2031
Offer period	Continuing offering
New issuances	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.
Coupon	None
Repayment	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.
ISIN	KZX000000971
Transferability	Freely transferable, no restrictions
Listing and trading	Astana International Exchange Limited
Date of admission to trading	December 27, 2022
Ticker	BTC
Initial issued quantity	1 409
Current issued quantity	23 357
Custodian	Jusan Bank JSC, Republic of Kazakhstan
Auditor	IAC Russell Bedford A+ Partners LLP, Republic of Kazakhstan
Underlying ETF	Bitcoin Strategy ETF (NYSE trading ticker: “BITO”).
Ranking of ETNs	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.
Potential investors	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.

Material interest and conflict	*Disclosures on affiliated companies within AIX group.* 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. 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. 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. 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.
The manner of placement, allocation and method of payment for ETNs	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. 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. **ETN Holders (other than Authorised Participant) have no right to require the SPC to redeem ETNs**.
The effect the issuance of the ETNs on the capital structure of the SPC	Continuing issuance and redemptions of ETNs (being debentures of the SPC) will not affect the capital structure of the SPC.
Particulars of any commissions or other fees to be paid by the SPC in relation to the offer	The SPC is not planning to pay any fees or commissions in relation to the offer (except customarily fees of the Stock Exchange).
All relevant details of the appointment of an underwriter and/or a placing agent	Not applicable, the offer has no underwriter or a placing agent.

Details of the entities which have a firm commitment to act as intermediaries in secondary trading	As stated in this Prospectus, the Stock Exchange at its sole discretion may appoint a market maker, to provide two-way bid and ask quotes for secondary trading. Such appointment and provision of trading quotes are not guaranteed and could be terminated at any point of time.

GENERAL TERMS OF THE ETNS

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

What are the ETNs and how do they work?
The ETNs are unsecured senior debt obligations of iX Bitcoin SPC Limited, a special purpose company governed by the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017) and incorporated in the AIFC. The assets of the SPC are a combination of shares in the Underlying ETF (the "**Shares**") and cash in US Dollars and Kazakhstan tenge in the hands of the SPC (the "**Cash**").

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

Net Asset Value
The NAV equals:

the closing price of a Share as quoted on the Primary Exchange on the preceding Business Day
multiplied by
the number of Shares held by the SPC
plus
Cash
plus
any other assets
less
accrued but unpaid Expenses
less
any other liabilities (excluding ETNs issued).

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

In calculation of the market price for securities and value of any other assets or liabilities the SPC usually uses the most appropriate valuation procedure including the closing price for such securities on any major stock exchange as well as other methods. Any assets or liabilities that are denominated in currency other than USD will be translated into USD at the prevailing market rates.
Besides, the SPC has a right, acting reasonably and prudently, to adjust the calculation of the NAV by excluding or (as the case may be) including certain items in order to determine the correct value of the assets of the SPC.

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

The NAV is rounded down to the nearest cent.

Expenses
The SPC shall pay the following expenses:

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

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

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 2.0 percent per annum.
For avoidance of doubt, any extraordinary expenses 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 2.0 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 on this page of this Prospectus.

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

Management fee
In accordance with the Management Agreement, the SPC shall pay a fee to the Management Company for the Management Company's services. Pursuant to and in accordance with the terms and conditions of the Management Agreement, the Management Company may modify the management fee, provided that the Total Expense Ratio may not exceed 2.0 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 the ETN Holders and, accordingly, will be reflected in the NAV.

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

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

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

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

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

- inform the ETNs Holders by means of a notification on the website of the Stock Exchange at www.aix.kz;
- 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.

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

RISK FACTORS

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

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

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

RISK FACTORS RELATED TO THE ETNs

Speculative Nature of Bitcoin
Investing in bitcoin is speculative, prices are volatile and have shown signs of a pricing bubble, and market movements are difficult to predict. Supply and demand for bitcoin can change rapidly and is affected by a variety of factors, including regulation and general economic trends. Accordingly, the price of bitcoin and/or bitcoin futures and/or Shares and/or ETNs may be significantly affected.

Unforeseeable Risks
Bitcoin has gained commercial acceptance only within recent years and, as a result, there is little data on its long-term investment potential. Additionally, due to the rapidly evolving nature of the bitcoin market, including advancements in the underlying technology, changes to bitcoin may expose ETN Holders to additional risks which are impossible to predict as at the date of this Prospectus. This uncertainty makes an investment in the ETNs very risky.

Changes in Legislation
Under recent amendments to the Law of the Republic of Kazakhstan “On informatization”, No. 418-V, dated November 24, 2015, bitcoin itself is an unsecured digital asset (see clause 1(55-1)), and the issue and circulation of unsecured digital assets in the territory of the Republic of Kazakhstan is prohibited, except for the cases provided for by the laws of the Republic of Kazakhstan (see clause 33-1(3)).

This prohibition does not extend on AIFC, based that it is a separate legal jurisdiction within Kazakhstan where a special legal regime in the financial sphere applies. In turn AIFC legal acts do not prohibit buying, selling, or exchanging digital assets for a fiat currency, however, there are planned amendments to AIFC legal acts, introducing limits on buying and trading of digital assets on AIFC Authorised Digital Asset Trading Facilities by retail clients – residents of Kazakhstan. Given that AIFC is international financial centre, clients cannot be discriminated, so proposal is to introduce limits for both residents and non-residents of Kazakhstan (the said amendments are reflected in *Consultation Paper AFSA-G-CE-2021-0004 Proposed Framework on implementation of further regulatory measures on the development of AIFC Digital Assets ecosystem*).

So far, under both Kazakhstan and AIFC legislation, ETN having bitcoin or other digital currencies as an underlying asset, is not classified as a digital asset itself and is not restricted in both jurisdictions.

Nevertheless, the regulatory landscape is still underdeveloped and will likely change in the coming years. The government could apply varying approaches to taxation, compliance, and reporting. Thus, there can be no assurance that certain local and/or international laws applicable to the digital assets and cryptocurrency including bitcoin and other digital assets and the treatment of investments in securities associated with bitcoin or other digital assets, will not be changed in a manner which adversely affects the ETNs or ETN Holders.

Risk related to bank operations with digital assets
By the Resolution of the Board of the National Bank of Kazakhstan dated 12 November 2019 No. 188 “On approval of the Rules for the formation of a risk management and internal control system for second-tier banks” any operations with cryptocurrencies are declared as high-risk for local banks. As a result, local Kazakhstani banks do not carry out both their own and client's transactions and operations expressed in cryptocurrencies.

At AIFC level, the operations with cryptocurrencies are not prohibited for AIFC banks, however legal mechanism for provision of such operations is still developing and has not been approbated in practice yet.

Absence of protection for digital assets

Digital currencies remain unregulated in most jurisdictions, including AIFC. Similarly, exchanges where digital currencies are traded and digital wallets used to hold, store and transfer digital currencies are unregulated in most jurisdictions, too. This means, that if you buy or hold digital currencies, you will not benefit from the guarantees and safeguards associated with regulated financial services. For example, if a digital currencies exchange platform or a digital wallet provider fails, goes out of business, or is subject to a cyber-attack, funds embezzlement or asset forfeiture as a result of law enforcement actions, the applicable law may not offer any specific legal protection that would cover you from losses or any guarantee that you will regain access to your digital currency holdings. These risks have already materialised on numerous occasions around the world.

Investment Strategy Risk

The Underlying ETF invests in bitcoin futures contracts and other instruments that provide exposure to bitcoin futures. The Underlying ETF does not invest directly in or hold bitcoin. The price of bitcoin futures should be expected to differ from the current cash price of bitcoin, which is sometimes referred to as the "spot" price of bitcoin. Consequently, the performance of the Underlying ETF and Shares should be expected to perform differently from the spot price of bitcoin. These differences could be significant.

Concentration risk.

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

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

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

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

The SPC has been established on 10 August 2021 and has limited track record of operation. The SPC is a special purpose vehicle with a passive investment strategy and the asset classes in which it can invest are limited. Investments by the ETN Holders will be used by the SPC to purchase Permitted Assets only. Accordingly, the prospects of the SPC are fully dependent on the market demand for its ETNs and the performance of the Underlying ETF.

RISK FACTORS RELATED TO THE UNDERLYING ETF

Below are the principal risks related to the Underlying ETF taken from the prospectus of the Underlying ETF as of the date of this Securities Note. Potential investers 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 https://www.proshares.com/our-etfs/strategic/bito 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.

Like all investments, investing in a Fund entails risks. The factors most likely to have a significant impact on a Fund's portfolio are called "principal risks." The principal risks for each Fund are described in each Fund's Summary Prospectus and additional information regarding certain of these risks, as well as information related to other potential risks to which a Fund may be subjected, is provided below and under the section titled "Other Risks." The principal risks are intended to provide information about the factors likely to have a significant adverse impact on a Fund's returns and consequently the value of an investment in a Fund. The risks are presented in an order intended to facilitate readability and their order does not imply that the realization of one risk is more likely to occur than another risk or likely to have a greater adverse impact than another risk. The Statement of Additional Information ("SAI") contains additional information about each Fund, investment strategies and related risks. Each Fund may be subject to other risks in addition to those identified as principal risks. While the realization of certain of these risks may benefit the Short Bitcoin Strategy ETF because the Short Bitcoin Strategy ETF seeks daily investment results, before fees and expenses, that correspond to the inverse of the Index, such occurrences may introduce more volatility to the Short Bitcoin Strategy ETF and have a negative impact on Fund performance.

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Bitcoin and Bitcoin Futures Risk – Investments linked to bitcoin present unique and substantial risks. Such investments can be highly volatile compared to investments in traditional securities and a Fund may experience sudden and large losses. The markets for bitcoin and bitcoin futures may become illiquid. These markets may fluctuate widely based on a variety of factors including changes in overall market movements, political and economic events, wars, acts of terrorism, natural disasters (including disease, epidemics and pandemics) and changes in interest rates or inflation rates. An investor should be prepared to lose the full principal value of their investment suddenly and without warning. Trading and investing in assets linked to bitcoin are generally not based in fundamental investment analysis. A number of factors impact the price and market for bitcoin and bitcoin futures.

- **Supply and demand for bitcoin** – It is believed that speculators and investors who seek to profit from trading and holding bitcoin currently account for a significant portion of bitcoin demand. Such speculation regarding the potential future appreciation in the price of bitcoin may artificially inflate or deflate the price of bitcoin. Market fraud and/or manipulation and other fraudulent trading practices such as the intentional dissemination of false or misleading information (e.g., false rumors) can, among other things, lead to a disruption of the orderly functioning of markets, significant market volatility, and cause the value of bitcoin futures to fluctuate quickly and without warning.

Supply and demand for bitcoin futures contracts – The price of bitcoin futures contracts is based on a number of factors, including the supply of and the demand for bitcoin futures contracts. Market conditions and expectations, position limits, collateral requirements, and other factors each can impact the supply of and demand for bitcoin futures contracts. Typically, demand paired with supply constraints and other factors have caused bitcoin futures to trade at a premium to a "spot" price of bitcoin. Additional demand, including demand resulting from the purchase, or anticipated purchase, of futures contracts by a Fund or other entities may increase that premium, perhaps significantly. It is not possible to predict whether or how long such conditions will continue. To the extent the Short Bitcoin Strategy ETF sells futures contracts at a premium and the premium increases, the value of an investment in the Fund also should be expected to decline. Likewise, to the extent the Bitcoin Strategy ETF purchases futures contracts at a premium and the premium declines, the value of an investment in the Fund also should be expected to decline..

- **Adoption and use of bitcoin** – The continued adoption of bitcoin will require growth in its usage as a means of payment. Even if growth in bitcoin adoption continues in the near or medium-term, there is no assurance that bitcoin usage will continue to grow over the long-term. The slowness of transaction processing and the variability of transaction fees are significant impediments to the widespread adoption of bitcoin. To address these issues, participants have created secondary networks that layer on top of the blockchain to facilitate small, low-cost transactions (e.g., Lightning Network). These secondary networks may be more vulnerable to fraud and malicious attacks and may experience greater price volatility. In addition, participants have been slow to adopt these secondary networks. If the adoption and use of bitcoin slows or contracts, bitcoin may become less liquid, and the price of bitcoin may experience greater volatility..
- **Competition from other blockchains and digital assets -** It is possible that other blockchains will emerge that are similarly designed to serve as an alternative payment system, such as those focused on privacy through the use of zero-knowledge cryptography. These alternative blockchains have in the past and may in the future seek to compete with the Bitcoin Network by offering networks that improve the speed of transaction processing, address issues in the finality and variability of transaction fees in the Bitcoin Networks, and with lesser volatility in the digital asset's price than bitcoin. In addition, it is also possible that other digital assets and trading systems could become more widely accepted and used than bitcoin. The market demand for these alternative blockchains may reduce the market demand for bitcoin which would adversely impact the price of bitcoin.
- **The regulatory environment relating to bitcoin and bitcoin futures** – The regulation of bitcoin, digital assets, digital asset trading venues, and related products and services continues to evolve. The inconsistent and sometimes conflicting regulatory landscape may make it more difficult for bitcoin businesses to provide services, which may impede the growth of the bitcoin economy and have an adverse effect on adoption of bitcoin. In addition, certain bitcoin businesses may be operating out of compliance with regulations. Future regulatory changes or enforcement actions by regulatory authorities may alter, perhaps to a material extent, the ability to buy and sell bitcoin and bitcoin futures. Similarly, future regulatory changes or enforcement actions could impact the ability of a Fund to achieve its investment objective or alter the nature of an investment in the Fund or the ability of the Fund to continue to operate, as planned..
- **Margin requirements and position limits applicable to bitcoin futures contracts –** Margin levels for bitcoin futures contracts are substantially higher than the margin requirements for more established futures contracts. Additionally, the FCMs utilized by a Fund may impose margin requirements in addition to those imposed by the exchanges. Margin requirements are subject to change and may be raised in the future by the exchanges and the FCMs. High margin requirements could prevent a Fund from obtaining sufficient exposure to bitcoin futures and may adversely affect its ability to achieve its investment objective. Further, FCMs utilized by a Fund may impose limits on the amount of exposure to futures contracts the Fund can obtain through such FCMs. If a Fund cannot obtain sufficient exposure through its FCMs, the Fund may not be able to achieve its investment objective..
- **Largely unregulated marketplace** – Bitcoin, the Bitcoin Network and digital asset trading venues are relatively new and, in most cases, largely unregulated. As a result of this lack of regulation, individuals, or groups may engage in insider trading, fraud or market manipulation with respect to bitcoin. Such manipulation could cause

investors in bitcoin to lose money, possibly the entire value of their investments. Over the past several years, a number of digital asset trading venues have been closed due to fraud, failure or security breaches. The nature of the assets held at digital asset trading venuesmake them appealing targets for hackers and a number of digital asset trading venues have been victims of cybercrimes and other fraudulent activity. These activities have caused significant, in some cases total, losses for bitcoin investors. Investors in bitcoin may have little or no recourse should such theft, fraud or manipulation occur. There is no central registry showing which individuals or entities own bitcoin or the quantity of bitcoin that is owned by any particular person or entity. There are no regulations in place that would prevent a large holder of bitcoin or a group of holders from selling their bitcoin (which could depress the price of bitcoin) or otherwise attempting to manipulate the price of bitcoin or the Bitcoin Network. Events that reduce user confidence in bitcoin, the Bitcoin Network, and the fairness of digital asset trading venues could have a negative impact on a Fund..

- **Cybersecurity** – As a digital asset bitcoin is subject to the risk that malicious actors will exploit flaws in its code or structure, or that of digital asset trading venues, that will allow them to, among other things, steal bitcoin held by others, control the blockchain, steal personally identifying information, or issue significant amounts of bitcoin in contravention of the relevant protocol. The occurrence of any of these events is likely to have a significant adverse impact on the price and liquidity of bitcoin and bitcoin futures contracts. Additionally, the Bitcoin Network's functionality relies on the Internet. A significant disruption of Internet connectivity affecting large numbers of users or geographic areas could impede the functionality of the Bitcoin Network. Any technical disruptions or regulatory limitations that affect Internet access may have an adverse effect on the Bitcoin Network, the price and liquidity of bitcoin, and the value of an investment in a Fund..
- **Declining mining compensation** – Transactions in bitcoin are processed byminers which are primarily compensated in bitcoin based on a declining payment schedule and, in some instances, by voluntary fees paid by participants. If this compensation is not sufficient to incentivizeminers to process transactions, the confirmation process for transactions may slow and the Bitcoin Network may become more vulnerable to malicious actors. Additionally, changes in the prices of hardware or electricity required to process transactions may reduce miner incentives. These and similar events may have a significant adverse effect on the price and liquidity of bitcoin and the value of an investment in a Fund..
- **Forks** – The open source nature of the Bitcoin Protocol permits any developer to review the underlying code and suggest changes. If some users and miners adopt a change while others do not and that change is not compatible with the existing software, a fork occurs. Several forks have already occurred in the Bitcoin Network resulting in the creation of new, separate digital assets. Which fork will be considered to be bitcoin for purposes of the BRR is determined by CF Benchmarks Hard Fork Policy. Forks and similar events could adversely effect the price and liquidity of bitcoin and the value of an investment in the Fund.
- **Costs of rolling futures contracts –** Futures contracts with a longer term to expiration may be priced higher than futures contracts with a shorter term to expiration, a relationship called "contango." Conversely, futures contracts with a longer term to expiration may be priced lower than futures contracts with a shorter term to expiration, a relationship called "backwardation." For the Short Bitcoin Strategy ETF, when rolling futures contracts that are in backwardation, the Fund would buy a higher priced expiring bitcoin futures contract to close its existing short position and sell a lower priced, longerdated bitcoin futures to open a new short position. For the Bitcoin Strategy ETF, when rolling futures contracts that are in contango, the Fund would sell the expiring bitcoin futures at a lower price and buy a longer-dated bitcoin futures at a higher price. The price difference between the expiring contract and longer-dated contract associated with rolling bitcoin futures may be substantiallybetween higher than the price difference associated with rolling other futures contracts. Backwardation and contango in the bitcoin futures market may have a significant adverse impact on the performance of a Fund and may cause bitcoin futures to perform differently than spot bitcoin. Both backwardation or contango may limit or prevent a Fund from achieving its investment objective. Additionally, because of the frequency with which a Fund may roll futures contracts, the impact of contango or backwardation on Fund performance may be greater than it would have been if the Fund rolled futures contracts less frequently.
- **Liquidity risk –** The market for bitcoin futures contracts is still developing and may be subject to periods of illiquidity. During such times it may be difficult or impossible to buy or sell a position at the desired price. Market disruptions or volatility can also make it difficult to find a counterparty willing to transact at a reasonable price and sufficient size. Illiquid markets may cause losses, which could be significant. The large size of the positions which the Fund may acquire increases the risk of illiquidity, may make its positions more difficult to liquidate, and may increase the losses incurred while trying to do so. It is also possible that, if the Fund's assets become significant relative to the overall market, the large size of its positions potentially could impact futures contracts prices and contribute to illiquidity. Limits imposed by counterparties, exchanges or other regulatory organizations, such as accountability levels, position limits and daily price fluctuation limits, may contribute to a lack of liquidity and have a negative impact on Fund performance. During periods of market illiquidity, including periods of market disruption and volatility, it may be difficult or impossible for a Fund to buy or sell futures at desired prices or at all.
- **Bitcoin Tax risk –** Current U.S. Internal Revenue Service ("IRS") guidance indicates that convertible virtual currency, defined as a digital representation of value that functions as a medium of exchange, a unit of account,

and/or a store of value that has an equivalent value in real currency, or that acts as a substitute for real currency, should be treated and taxed as property, and that transactions involving the payment of convertible virtual currency for goods and services should be treated as barter transactions. While this treatment allows for the possibility of capital gains treatment, it creates a potential tax reporting requirement in any circumstance where the ownership of convertible virtual currency passes from one person to another, usually by means of convertible virtual currency transactions (including off-blockchain transactions), which could discourage the use of bitcoin as a medium of exchange, especially for a holder of bitcoin that has appreciated in value..

- **Environmental risk –** Bitcoin mining currently requires computing hardware that consumes large amounts of electricity. By way of electrical power generation, many bitcoin miners rely on fossil fuels to power their operations. Public perception of the impact of bitcoin mining on climate change may reduce demand for bitcoin and increase the likelihood of regulation that limits bitcoin mining or restricts energy usage by bitcoin miners..

Risks Associated with the Use of Derivatives — A Fund may obtain exposure to bitcoin through derivatives (i.e., bitcoin futures contracts). Investing in derivatives may be considered aggressive and may expose a Fund to risks different from, or possibly greater than, the risks associated with investing directly in the reference asset(s) underlying the derivative. The use of derivatives may result in larger losses or smaller gains than directly investing in securities. The risks of using derivatives include: 1) the risk that there may be imperfect correlation between the price of the financial instruments and movements in the prices of the reference asset(s); 2) the risk that an instrument is mispriced; 3) credit or counterparty risk on the amount a Fund expects to receive from a counterparty; 4) the risk that securities prices, interest rates and currency markets will move adversely and the Fund will incur significant losses; and 5) the possible absence of a liquid secondary market for a particular instrument and possible exchange imposed price fluctuation limits, either of which may make it difficult or impossible to adjust each Fund's position in a particular instrument when desired. Each of these factors may prevent a Fund from achieving its investment objective and may increase the volatility (i.e., fluctuations) of the Fund's returns. Because derivatives often require limited initial investment, the use of derivatives also may expose a Fund to losses in excess of those amounts initially invested..

Borrowing Risk – A Fund may borrow for investment purposes using reverse repurchase agreements. Reverse repurchase agreements are financing arrangements that involve sales by a Fund of portfolio financial instruments concurrently with an agreement by a Fund to repurchase the same financial instruments at a later date at a fixed price. Reverse repurchase agreements do not mitigate a Fund's risk that the market value of the financial instruments a Fund is obligated to repurchase under the agreement may decline below the repurchase price. A Fund may enter into both exchange-traded and over-the-counter reverse repurchase agreements. The cost of borrowing may reduce a Fund's return. Borrowing may cause a Fund to liquidate positions under adverse market conditions to satisfy its repayment obligations. Borrowing increases the risk of loss and may increase the volatility of a Fund.

Subsidiary Investment Risk — Changes in the laws of the United States and/or the Cayman Islands, under which the Fund and the subsidiary are organized, respectively, could result in the inability of a Fund to operate as intended and could negatively affect the Fund and its shareholders. Each Fund complies with the provisions of the 1940 Act governing investment policies, capital structure, and leverage on an aggregate basis with the subsidiary.

Bitcoin-Related Company Risk — If a Fund is unable to obtain its desired exposure to bitcoin futures contracts because it is approaching or has exceeded position limits or because of liquidity or other constraints, the Fund may obtain exposure by investing in or shorting securities of "bitcoinrelated companies." There can be no assurance that the returns of bitcoin-related companies will correspond, or be closely-related, to the performance of bitcoin or bitcoin futures. Bitcoin-related companies face rapid changes in technology, intense competition including the development and acceptance of competing platforms or technologies, loss or impairment of intellectual property rights, cyclical economic patterns, shifting consumer preferences, evolving industry standards, adverse effects of changes to a network's or software's protocols, a rapidly changing regulatory environment, and dependency on certain key personnel (including highly skilled financial services professionals and software engineers). Bitcoin-related companies may be susceptible to operational and information security risks including those associated with hardware or software failures, interruptions, or delays in service by third party vendors, and security breaches. Certain bitcoinrelated companies may be subject to the risks associated with investing directly in digital assets, including among other things, bitcoin, ether and crypto tokens.

Risk of Investing in Other U.S. Investment Companies — If a Fund is unable to obtain its desired exposure to bitcoin futures contracts because it is approaching or has exceeded position limits or because of liquidity or other constraints, the Fund may obtain exposure by investing in other U.S. investment companies, such as ETFs, that provide investment exposure to bitcoin futures contracts or bitcoin-related companies. Such investments subject a Fund to those risks affecting the underlying ETFs, such as risks that the investment management strategy of the underlying fund may not produce its intended results (management risk) and the risk that the underlying fund could lose money over short periods due to short-term market movements and over longer periods during market downturns (market risk). In addition, ETFs may trade at a price below their net asset value. Moreover, the Fund will incur its pro rata share of the expenses of the underlying fund's expenses.

Correlation Risk — A number of factors may affect a Fund's ability to achieve a high degree of correlation with the Index, and there is no guarantee that the Fund will achieve a high degree of correlation. Failure to achieve a high degree of correlation may prevent the Fund from achieving its investment objective, and the percentage change of the Fund's NAV each day may differ, perhaps significantly in amount, and possibly even direction, from the Daily Target. In order to achieve a high degree of correlation with the Index, the Fund seeks to rebalance its portfolio daily to keep exposure consistent with its investment objective. Being materially under- or overexposed to the Index may prevent the Fund from achieving a high degree of correlation with the Index and may expose the Fund to greater leverage risk. Market disruptions or closures, regulatory restrictions, market volatility, illiquidity in the markets for the financial instruments in which the Fund invests, and other factors will adversely affect the Fund's ability to adjust exposure to requisite levels. The target amount of portfolio exposure is impacted dynamically by the Index's movements, including intraday movements. Because of this, it is unlikely that the Fund will have perfect exposure during the day or at the end of each day and the likelihood of being materially under- or overexposed is higher on days when the Index is volatile, particularly when the Index is volatile at or near the close of the trading day.

Money Market Instruments Risk — Money market instruments may be adversely affected by market and economic events. Adverse economic, political or other developments affecting issuers of money market instruments; or defaults by transaction counterparties may also have a negative impact on the performance of such instruments. Each of these could have a negative impact on the performance of a Fund. Money market instruments may include money market funds. To the extent a Fund invests in a money market fund, the Fund will indirectly bear a proportionate share of the money market fund's fees and expenses.

Counterparty Risk — A Fund will be subject to credit risk (i.e., the risk that a counterparty is unwilling or unable to make timely payments or otherwise meet its contractual obligations) with respect to the amount the Fund expects to receive from counterparties to financial instruments (including derivatives and repurchase agreements) entered into by the Fund. A Fund generally structures the agreements such that either party can terminate the contract without penalty prior to the termination date. If a counterparty terminates a contract, a Fund may not be able to invest in other derivatives to achieve the desired exposure, or achieving such exposure may be more expensive. A Fund may be negatively impacted if a counterparty becomes bankrupt or otherwise fails to perform its obligations under such an agreement. A Fund may experience significant delays in obtaining any recovery in a bankruptcy or other reorganization proceeding and a Fund may obtain only limited recovery or may obtain no recovery in such circumstances. In order to attempt to mitigate potential counterparty credit risk, a Fund typically enters into transactions with major financial institutions. A Fund also seeks to mitigate risks by generally requiring that the counterparties agree to post collateral for the benefit of the Fund, marked to market daily, in an amount approximately equal to what the counterparty owes the Fund, subject to certain minimum thresholds. To the extent any such collateral is insufficient or there are delays in accessing the collateral, a Fund will be exposed to the risks described above, including possible delays in recovering amounts as a result of bankruptcy proceedings. The counterparty to a cleared swap agreement and/or exchange-traded futures contract is subject to the credit risk of the clearing house and the futures commission merchant ("FCM") through which it holds its position. Specifically, the FCM or the clearing house could fail to perform its obligations, causing significant losses to the Fund. For example, a Fund could lose margin payments it has deposited with an FCM as well as any gains owed but not paid to the Fund, if the FCM or clearing house becomes insolvent or otherwise fails to perform its obligations. Credit risk of market participants with respect to derivatives that are centrally cleared is concentrated in a few clearing houses and it is not clear how an insolvency proceeding of a clearing house would be conducted and what impact an insolvency of a clearing house would have on the financial system. Under current Commodity Futures Trading Commission ("CFTC") regulations, a FCM maintains customers' assets in a bulk segregated account. If a FCM fails to do so, or is unable to satisfy a substantial deficit in a customer account, its other customers may be subject to risk of loss of their funds in the event of that FCM's bankruptcy. In that event, in the case of futures and options on futures, the FCM's customers are entitled to recover, even in respect of property specifically traceable to them, only a proportional share of all property available for distribution to all of that FCM's customers. In addition, if the FCM does not comply with the applicable regulations, or in the event of a fraud ormisappropriation of customer assets by the FCM, a Fund could have only an unsecured creditor claim in an insolvency of the FCM with respect to the margin held by the FCM. FCMs are also required to transfer to the clearing house the amount of margin required by the clearing house, which amount is generally held in an omnibus account at the clearing house for all customers of the FCM. In certain cases with respect to cleared swaps, the FCM may also transfer any excess initial margin posted by a Fund to the clearing house. Regulations promulgated by the CFTC require that the FCM notify the clearing house of the excess initial margin provided by the FCM to the clearing house that is attributable to each customer. However, if the FCM does not accurately report a Fund's initial margin, the Fund is subject to the risk that a clearing house will use the assets attributable to it in the clearing house's omnibus account to satisfy payment obligations a defaulting customer of the FCMhas to the clearing house. In addition, a Fund may enter into agreements with a limited number of counterparties, which may increase the Fund's exposure to counterparty credit risk. A Fund does not specifically limit its counterparty risk with respect to any single counterparty. Further, there is a risk that no suitable counterparties are willing to enter into, or continue to enter into, transactions with a Fund and, as a result, a Fund may not be able to achieve its investment objective. Contractual provisions and applicable law may prevent or delay a Fund from exercising its rights to terminate an investment or transaction with a financial institution experiencing financial difficulties, or to realize on collateral, and another institution may be substituted for that financial institution without the consent of the Fund. If the credit rating of a derivatives counterparty declines, a Fund may nonetheless choose or be required to keep existing transactions in place with the counterparty, in which event the Fund would be subject to any increased credit risk associated with those transactions. Also, in the event of a counterparty's (or its affiliate's) insolvency, the possibility exists that a Fund's ability to exercise remedies, such as the termination of transactions, netting of obligations and realization on collateral, could be stayed or eliminated under special resolution regimes adopted in the United States, the European Union, United Kingdom and various other jurisdictions. Such regimes provide government authorities with broad authority to intervene when a financial institution is experiencing financial difficulty. In particular, the regulatory authorities could reduce, eliminate, or convert to equity the liabilities to a Fund of a counterparty who is subject to such proceedings in the European Union or United Kingdom (sometimes referred to as a "bail in").

Market Price Variance Risk — Individual shares of a Fund can be bought and sold in the secondary market at market prices rather than at NAV. There is no guarantee that an active secondary market will develop for shares of a Fund, which may also cause NAV and market price to vary significantly. The market price of a Fund's shares will fluctuate in response to changes in the value of the Fund's holdings, supply and demand for shares and other market factors. ProShare Advisors cannot predict whether shares will trade above, below or at a price equal to the value of a Fund's holdings. Differences between secondary market prices and the value of a Fund's holdings may be due largely to supply and demand forces in the secondary market, which may not be the same forces as those influencing prices for securities or financial instruments held by a Fund at a particular time. In addition, there may be times when the market price and the NAV of a Fund's shares vary significantly, such as during periods of market volatility. Investors purchasing and selling shares in the secondary market may trade shares at a premium or a discount to the Fund's NAV and may receive less than the value of a Fund's holdings when they sell those shares. A Fund may have a limited number of financial institutions that may act as Authorized Participants or market markers. Only Authorized Participants who have entered into agreements with a Fund's distributor may engage in creation or redemption transactions directly with the Fund. If some or all of these Authorized Participants exit the business or are unable to process creation and/or redemption orders, and no other Authorized Participant is willing or able to create and redeem Fund shares, shares may trade at a discount to NAV (and may even face trading halts or delisting). Similar effects may result if market makers exit the business or are unable to continue making markets inthe shares. Further, while the creation/redemption feature is designed to make it likely that shares normally will trade at prices correlated to the price of a Fund's portfolio holdings, disruptions to creations and redemptions, including disruptions at market makers, Authorized Participants or market participants, or during periods of significant market volatility, among other factors, may result in market prices that differ significantly from NAV. Investors purchasing and selling shares in the secondary market may not experience investment consistent with those experienced by Authorized Participants creating and redeeming directly with a Fund. The market price of shares, like the price of any exchange-traded security, includes a "bid-ask spread" charged by the exchange specialist, market makers or other participants that trade the particular security. In times of severe market disruption or during after-hours trading, the bid-ask spread often increases significantly. This means that sharesmay trade at a discount to the value of a Fund's holdings, and the discount is likely to be greatest when the price of shares is falling fastest, which may be the time that a shareholder most wants to sell their shares. A Fund's investment results are measured based upon the daily NAV of the Fund.

Early Close/Late Close/Trading Halt Risk — An exchange or market may close early, close late or issue trading halts on bitcoin futures contracts. As a result, the ability to trade bitcoin futures contracts may be restricted, which may disrupt a Fund's creation and redemption process, potentially affect the price at which a Fund's shares trade in the secondary market, result in a Fund being unable to trade bitcoin futures contracts at all, and/or cause significant deviations in the performance of bitcoin futures contracts from spot bitcoin. In these circumstances, the Fund may be unable to rebalance its portfolio,may be unable to accurately price its investments and/or may incur substantial trading losses. If trading in the Fund's shares are halted, investors may be temporarily unable to trade shares of the Fund.

Short Sale Exposure Risk — A Fundmay seek inverse or "short" exposure through financial instruments, which would cause the Fund to be exposed to certain risks associated with selling short. These risks include, under certain market conditions, an increase in the volatility and decrease in the liquidity of securities or financial instruments or credits underlying the short position, which may lower a Fund's return, result in a loss, have the effect of limiting the Fund's ability to obtain inverse exposure through financial instruments, or requiring the Fund to seek inverse exposure through alternative investment strategies that may be less desirable or more costly to implement. To the extent that, at any particular point in time, the securities or financial instruments or credits underlying the short position may be thinly-traded or have a limited market, including due to regulatory action, a Fund may be unable to meet its investment objective (e.g., due to a lack of available securities or financial instruments or counterparties). During such periods, the Fund's ability to issue additional Creation Units may be adversely affected. Obtaining inverse exposure may be considered an aggressive investment technique. Any income, dividends or payments by the assets underlying a Fund's short positions will negatively impact the Fund.

Other Risks
In addition to the risks noted above, many other factors may also affect the value of an investment in a Fund, such as market conditions, interest rates and other economic, political or financial developments. The impact of these developments on a Fund will depend upon the types of investments in which the Fund invests, the Fund's level of investment in particular issuers and other factors, including the financial condition, industry, economic sector and location of such issuers. The SAI contains additional information about each Fund, its investment strategies and related risks. Each Fund may be subject to other risks in addition to those identified as principal risks.

Natural Disaster/Epidemic Risk — Natural or environmental disasters, such as earthquakes, fires, floods, hurricanes, tsunamis and other severe weather-related phenomena generally, and widespread disease, including pandemics and epidemics (for example, the novel coronavirus COVID19), have been and can be highly disruptive to economies and markets and have recently led, and may continue to lead, to increased market volatility and significant market losses. Such natural disaster and health crises could exacerbate political, social, and economic risks, and result in significant breakdowns, delays, shutdowns, social isolation, and other disruptions to important global, local and regional supply chains affected, with potential corresponding results on the operating performance of each Fund and its investments. A climate of uncertainty and panic, including the contagion of infectious viruses or diseases, may adversely affect global, regional, and local economies and reduce the availability of potential investment opportunities, and increases the difficulty of performing due diligence and modeling market conditions, potentially reducing the accuracy of financial projections. Under these circumstances, eache Fund may have difficulty achieving its investment objectives which may adversely impact Fund performance. Further, such events can be highly disruptive to economies and markets, significantly disrupt the operations of individual companies (including, but not limited to, the Fund's investment advisor, third party service providers, and counterparties), sectors, industries, markets, securities and commodity exchanges, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of each Fund's investments. These factors can cause substantial market volatility, exchange trading suspensions and closures, changes in the availability of and the margin requirements for certain instruments, and can impact the ability of each Fund to complete redemptions and otherwise affect Fund performance and Fund trading in the secondary market. A widespread crisis would also affect the global economy in ways that cannot necessarily be foreseen. How long such events will last and whether they will continue or recur cannot be predicted. Impacts from these events could have a significant impact on the Fund's performance, resulting in losses to your investment.

Risk of Global Economic Shock — Widespread disease, including public health disruptions, pandemics and epidemics (for example, COVID-19 including its variants), have been and may continue to be highly disruptive to economies and markets. Health crises could exacerbate political, social, and economic risks, and result in breakdowns, delays, shutdowns, social isolation, civil unrest, periods of high unemployment, shortages in and disruptions to the medical care and consumer goods and services industries, and other disruptions to important global, local and regional supply chains, with potential corresponding results on the performance of a Fund and its investments. Additionally, war, military conflicts, sanctions, acts of terrorism, sustained elevated inflation, supply chain issues or other events could have a significant negative impact on global financial markets and economies. Russia's military incursions in Ukraine have led to, and may lead to additional sanctions being levied by the United States, European Union and other countries against Russia. The ongoing hostilities between the two countries could result in additional widespread conflict and could have a severe adverse effect on the region and certainmarkets. Sanctions on Russian exports could have a significant adverse impact on the Russian economy and related markets and could affect the value of a Fund's investments, even beyond any direct exposure a Fund may have to the region or to adjoining geographic regions. The extent and duration of the military action, sanctions and resulting market disruptions are impossible to predict, but could have a severe adverse effect on the region, including significant negative impacts on the economy and themarkets for certain securities and commodities, such as oil and natural gas. How long such tensions and related events will last cannot be predicted. These tensions and any related events could have significant impact on a Fund performance and the value of an investment in a Fund.

Risks of Government Regulation —The Financial Industry Regulatory Authority ("FINRA") issued a notice on March 8, 2022 seeking comment on measures that could prevent or restrict investors from buying a broad range of public securities designated as "complex products"—which could include the leveraged and inverse funds offered by ProShare Advisors. The ultimate impact, if any, of these measures remains unclear. However, if regulations are adopted, they could, among other things, prevent or restrict investors' ability to buy the funds.

Cybersecurity Risk — With the increased use of technologies such as the Internet and the dependence on computer systems to perform necessary business functions, each Fund, Authorized Participants, service providers and the relevant listing exchange are susceptible to operational, information security and related "cyber" risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing among other behaviors, stealing or corrupting data maintained online or digitally, and denial of service attacks on websites. Cybersecurity failures or breaches of a Fund's third party service provider (including, but not limited to, index providers, the administrator and transfer agent) or the issuers of securities and/or financial instruments in which the Fund invests, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability of Fund shareholders to transact business, violations of applicable privacy and other laws. For instance, cyber attacks may interfere with the processing of shareholder transactions, impact the Fund's ability to calculate its NAV, cause the release of private shareholder information or confidential Fund information, impede trading, cause reputational damage, and subject the Fund to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. A Fund and its shareholders could be negatively impacted as a result. While a Fund or its service providers may have established business continuity plans and systems designed to guard against such cyber attacks or adverse effects of such attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified, in large part because different unknown threats may emerge in the future. Similar types of cybersecurity risks also are 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 investments in such securities to lose value. In addition, cyber attacks involving a counterparty to a Fund could affect such a counterparty's ability to meets it obligations to the Fund, which may result in losses to the Fund and its shareholders. ProShare Advisors and the Trust do not control the cybersecurity plans and systems put in place by third party service providers, and such third party service providers may have no or limited indemnification obligations to ProShare Advisors or a Fund.

Operational Risk — A Fund, its service providers, Authorized Participants, and the relevant listing exchange are subject to operational risks arising from, among other things, human error, systems and technology errors and disruptions, failed or inadequate controls, and fraud. These errors may adversely affect a Fund's operations, including its ability to execute its investment process, calculate or disseminate its NAV or intraday indicative optimized portfolio value in a timely manner, and process creations or redemptions. While a Fund seeks to minimize such events through controls and oversight, there may still be failures and a Fund may be unable to recover any damages associated with such failures. These failures may have a material adverse effect on a Fund's returns.

Portfolio Turnover Risk — The Fund may incur high portfolio turnover to manage the Fund's investment exposure. Additionally, active market trading of the Fund's shares may cause more frequent creation or redemption activities that could, in certain circumstances, increase the number of portfolio transactions. High levels of portfolio transactions increase brokerage and other transaction costs and may result in increased taxable capital gains. Each of these factors could have a negative impact on the performance of the Fund.

Valuation Risk — In certain circumstances (e.g., if ProShare Advisors believes market quotations are not reliable, or a trading halt closes an exchange or market early), ProShare Advisors may, pursuant to procedures approved by the Board of Trustees of a Fund, choose to determine a fair value price as the basis for determining the value of such investment for such day. The fair value of an investment determined by ProShare Advisors may be different from other value determinations of the same investment. Portfolio investments that are valued using techniques other than market quotations, including "fair valued" investments, may be subject to greater fluctuation in their value from one day to the next than would be the case if market quotations were used. In addition, there is no assurance that a Fund could sell a portfolio investment for the value established for it at any time, and it is possible that a Fund would incur a loss because a portfolio investment is sold at a discount to its established value. The fair value of a Fund's bitcoin futures may be determined by reference, in whole or in part, to the cash market in bitcoin. These circumstances may be more likely to occur with respect to bitcoin futures than with respect to futures on more traditional BITO in assets. In addition, the bitcoin futures held by a Fund and bitcoin may be traded in markets on days and at times when a Fund is not open for business. As a result, the value of a Fund's holdings may vary, perhaps significantly, on days and at times when investors are unable to purchase or sell Fund shares.

Tax Risk — In order to qualify for the special tax treatment accorded a RIC and its shareholders, a Fund must derive at least 90% of its gross income for each taxable year from "qualifying income," meet certain asset diversification tests at the end of each taxable quarter, and meet annual distribution requirements. A Fund's pursuit of its investment strategies will potentially be limited by the Fund's intention to qualify for such treatment and could adversely affect the Fund's ability to so qualify. A Fund may make certain investments, the treatment of which for these purposes is unclear. In particular, direct investments by a Fund in futures are not expected to produce qualifying income for purposes of the Fund's qualification as a RIC. A Fund, however, expects to gain exposure to futures and generate qualifying income by investing a portion of its assets in a wholly-owned subsidiary of the Fund organized under the laws of the Cayman Islands. To comply with the asset diversification test applicable to a RIC, a Fund will limit its investments in such subsidiary to 25% of the Fund's total assets at the end of each tax quarter. A Fund may, however, exceed this amount from time to time if the Advisor believes doing so is in the best interests of the Fund, provided, however, that the Fund intends to continue to comply with the asset diversification test applicable to RICs. If a Fund's investments in the subsidiary were to exceed 25% of the Fund's total assets at the end of a tax quarter, the Fund may no longer be eligible to be treated as a RIC. The Advisor will carefully monitor a Fund's investments in the subsidiary to ensure that no more than 25% of the Fund's assets are invested in the subsidiary at the end of each tax quarter. A Fund intends to invest in complex derivatives for which there is not clear guidance from the Internal Revenue Service ("IRS") as to the calculation of such investments under the asset diversification test applicable to RICs. There are no assurances that the IRS will agree with a Fund's calculation under the asset diversification test which could cause the Fund to fail to qualify as a RIC. If, in any year, a Fund were to fail to qualify for the special tax treatment accorded a RIC and its shareholders, and were ineligible to or were not to cure such failure, the Fund would be taxed in the same manner as an ordinary corporation subject to U.S. federal income tax on all its income at the fund level. The resulting taxes could substantially reduce a Fund's net assets and the amount of income available for distribution. In addition, in order to requalify for taxation as a RIC, a Fund could be required to recognize unrealized gains, pay substantial taxes and interest, and make certain distributions. Please see the section entitled "Taxation" in the Statement of Additional Information for more information.

Trading Risks — The shares of each Fund are listed for trading on the listing exchange identified on the cover of this Prospectus, may be listed or traded on U.S. and non-U.S. stock exchanges other than such exchange, and may trade on an electronic communications network. Nevertheless, there can be no assurance that an active trading market for such shares will develop or be maintained. Trading in shares of a Fund on an exchange may be halted due to market conditions or for reasons that, in the view of an exchange, make trading in shares inadvisable. In addition, trading in shares of a Fund on an exchange is subject to trading halts caused by extraordinary market volatility pursuant to exchange "circuit breaker" rules. There can be no assurance that the requirements of the exchange necessary to maintain the listing of a Fund will continue to be met or will remain unchanged or that the shares of a Fund will trade with any volume, or at all, on any stock exchange or other venue.

Other risk factors related to the Underlying ETF

Other risk factors related to the Underlying ETF are described in the Section entitled "Risk Factors" of the prospectus of the Underlying ETF issued in connection with the Shares and available at https://www.proshares.com/our-etfs/strategic/bito.

USE OF PROCEEDS

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

UNDERLYING ETF

THE INFORMATION IN THIS SECTION HAS BEEN TAKEN "AS IS" FROM THE WEB-SITE (HTTPS://WWW.PROSHARES.COM/OUR-ETFS/STRATEGIC/BITO) MAINTAINED FOR THIS UNDERLYING ETF AND THE SPC SHALL NOT BE LIABLE FOR THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS SECTION. BECAUSE THE PERFORMANCE OF THE UNDERLYING ETF DIRECTLY AFFECTS THE VALUE AND PRICE OF THE ETNS POTENTIAL INVESTORS SHOULD REVIEW INFORMATION ABOUT THE UNDERLYING ETF AVAILABLE AT THE WEB-SITE HTTPS://WWW.PROSHARES.COM/OUR-ETFS/STRATEGIC/BITO PRIOR TO PURCHASING ANY ETNS.

Overview

The return on the ETNs is linked to the performance of the Bitcoin Strategy ETF (NYSE Arce ticker symbol: "BITO") (the "**Underlying ETF**"). The Underlying ETF seeks to provide capital appreciation primarily through managed exposure to bitcoin futures contracts. The Underlying ETF does not invest directly in bitcoin.

Key Facts as of Feb 21, 2024

Ticker	BITO	Inception Date	18/10/21
Intraday Ticker	BITO.IV	Unitary Expense Ratio	0.95%
CUSIP	74347G440	Distributions	Monthly
NAV Calculation Time	4:00 p.m. ET	Distributor	ALPS Distributors, Inc.

Holdings as of Feb 21, 2024

Description	Exposure Value (Notional + GL)	Market Value	Shares/ Contracts	Weight
CME BITCOIN FUT NON-EQUITY INDEX 28/MAR/2024 BTCH4 CURNCY	1,042,151,550	--	4,037	49.22%
CME BITCOIN FUT NON-EQUITY INDEX 26/APR/2024 BTCJ4 CURNCY	821,423,050	--	3,143	38.79%
CME BITCOIN FUT NON-EQUITY INDEX 23/FEB/2024 BTCG4 CURNCY	225,475,875	--	885	10.65%
S&P CME BITCOIN FUTURES DAILY ROLL INDEX SWAP W/SG SOCIETE GENERALE	28,479,068	--	110,179	1.34%
TREASURY BILL		$988,804,250.00	1,000,000,000	--

Fees and Expenses Attributable to Underlying ETF

The table below describes the fees and expenses that you may pay if you buy, hold, and sell shares of the Underlying ETF. You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the table below.

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

Management Fees …..	0.95%
Other Expenses	0.00%
Total Annual Fund Operating Expenses	0.95%

Portfolio Turnover
The Underlying ETF pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when the Underlying ETF’s shares are held in a taxable account. These costs, which are not reflected in Annual Fund Operating Expenses above, affect the Underlying ETF’s performance. During the most recent fiscal year, the Underlying ETF’s annual portfolio turnover rate was 0% of the average value of its portfolio. This portfolio turnover rate is calculated without regard to cash instruments or derivatives transactions. If such transactions were included, the Underlying ETF’s portfolio turnover rate would be significantly higher.

Principal Investment Strategies
The Underlying ETF seeks to achieve its investment objective primarily through managed exposure to bitcoin futures contracts. In this manner, the Underlying ETF seeks to provide investment results that correspond to the performance of bitcoin.

The Underlying ETF does not invest directly in bitcoin.
Bitcoin is a digital asset, sometimes referred to as a digital currency or “cryptocurrency.” The ownership and operation of bitcoin is determined by participants in an online, peer-to peer network sometimes referred to as the “Bitcoin Network”. The Bitcoin Network connects computers that run publicly accessible, or “open source,” software that follows the rules and procedures governing the Bitcoin Network. This is commonly referred to as the Bitcoin Protocol (and is described in more detail in the section entitled “The Bitcoin Protocol” in the Underlying ETF’s prospectus).

The value of bitcoin is not backed by any government, corporation, or other identified body. Instead, its value is determined in part by the supply and demand in markets created to facilitate trading of bitcoin. Ownership and transaction records for bitcoin are protected through public-key cryptography. The supply of bitcoin is determined by the Bitcoin Protocol. No single entity owns or operates the Bitcoin Network. The Bitcoin Network is collectively maintained by (1) a decentralized group of participants who run computer software that results in the recording and validation of transactions (commonly referred to as “miners”), (2) developers who propose improvements to the Bitcoin Protocol and the software that enforces the protocol and (3) users who choose which version of the bitcoin software to run. From time to time, the developers suggest changes to the bitcoin software. If a sufficient number of users and miners elect not to adopt the changes, a new digital asset, operating on the earlier version of the bitcoin software, may be created. This is often referred to as a “fork.” The price of the bitcoin futures contracts in which the Underlying ETF invests may reflect the impact of these forks.

While the Underlying ETF seeks to invest primarily in bitcoin futures contracts, the Underlying ETF also may invest in other instruments as described below.

• **Bitcoin Futures Contracts** – Standardized, cash-settled bitcoin futures contracts traded on commodity exchanges registered with the Commodity Futures Trading Commission (“**CFTC**”). The Underlying ETF seeks to invest in cash-settled, frontmonth bitcoin futures. The Underlying ETF may also invest in backmonth, cash-settled bitcoin futures contracts. Front-month bitcoin futures contracts are those contracts with the shortest time to maturity. Back-month bitcoin futures contracts are those with longer times to maturity.

• **Money Market Instruments** — The Underlying ETF expects that any cash balances maintained in connection with its use of derivatives will typically be held in high quality, short-term money market instruments, for example::

- U.S. Treasury Bills — U.S. government securities that have initial maturities of one year or less, and are supported by the full faith and credit of the U.S. government.
- Repurchase Agreements — Contracts in which a seller of securities, usually U.S. government

securities or other money market instruments, agrees to buy the securities back at a specified time and price.

• **Reverse Repurchase Agreements –** The Underlying ETF seeks to engage in reverse repurchase agreements, a form of borrowing, and use the proceeds to help achieve the Underlying ETF's exposure to futures contracts..

In order to maintain its exposure to bitcoin futures contracts, the Underlying ETF must sell its futures contracts as they near expiration and replace themwith new futures contracts with a later expiration date. This is often referred to as "rolling" a futures contract. Futures contracts with a longer term to expiration may be priced higher than futures contracts with a shorter term to expiration, a relationship called "contango." When rolling futures contracts that are in contango, the Underlying ETF will sell the expiring contract at a relatively lower price and buy a longer-dated contract at a relatively higher price.

Conversely, futures contracts with a longer term to expirationlonger-dated may be priced lower than futures contracts with a shorter term to expiration, a relationship called "backwardation." When rolling futures contracts that are in backwardation, the Underlying ETF will sell the expiring contract at a relatively higher price and buy a longer-dated contract at a relatively lower price.

The Underlying ETF expects to gain exposure by investing a portion of its assets in a wholly-owned subsidiary of the Underlying ETF organized under the laws of the Cayman Islands and advised by ProShare Advisors. Because the Underlying ETF intends to qualify for treatment as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended, the Underlying ETF intends to invest no more than 25% of the Underlying ETF's total assets in the subsidiary at each quarter end of the Fund's tax year. Exceeding this amount may have tax consequences, see the section entitled "Tax Risk" in the Underlying ETF's Prospectus for more information. References to investments by the Underlying ETF should be read to mean investments by either the Underlying ETF or the subsidiary.**.**

Additional information about Underlying ETF
For more information about Underlying ETF, visit the website at https://www.proshares.com/our-etfs/strategic/bito. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus of Underlying ETF; read and consider it carefully before investing.

SPC

iX Bitcoin SPC Limited, a special purpose company incorporated under the laws of the AIFC on 10 August 2021 (under the initial name of iX Balanced Portfolio SPC Limited and renamed to its current name on October 26, 2021) and governed by the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017). The LEI (Legal Entity Identifier) code of the SPC is 2549001VY27LYWUXN958. The SPC passed the necessary resolutions by virtue of which the ETNs have been created.

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

Main business purpose
iX Bitcoin 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 Shares.

Legal form
iX Bitcoin 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 AFSA Registrar of Companies has issued a certificate of incorporation with respect to the SPC on 10 August 2021 and included it into the AFSA's public register at https://publicreg.myafsa.com/details/210840900198/.

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; and
(e) any activity ancillary to an activity mentioned in paragraphs (a) to (d).
In addition, in accordance with the articles of association of the SPC the SPC shall be entitled to own and/or hold only those assets which are permitted to be owned or held under this Prospectus (as this Prospectus may be amended from time to time).

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

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

Auditor

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

Management Company

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

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

Working Capital Statement

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

Additional information

Reasons for the offer

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

Creditworthiness of the Issuer

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

Guarantees attached to the ETNs

There are no guarantees attached to the ETNs.

FINANCIAL INFORMATION OF THE SPC

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

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

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

Rounding

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

STATEMENT OF FINANCIAL POSITION OF THE ISSUER

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

	31 December 2022	31 December 2021
Assets		
Cash and cash equivalents	3,458	918
Financial assets at fair value through profit or loss	68,072	37,400
Total assets	**71,530**	**38,318**
Equity		
Share capital	1	**-**
Retained earnings/(accumulated loss)	-	**-**
Total equity	**1**	**-**
Liabilities		
Financial liabilities at fair value through profit or loss	71,465	38,312
Other liabilities	64	6
Total liabilities	**71,529**	**38,318**
Total equity and liabilities	**71,530**	**38,318**

STATEMENT OF PROFIT AND LOSS AND OTHER 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.

	2022	From the date of establishment to 31 December 2021
Net gain/(loss) from changes in fair value of financial assets	(84,341)	(4,816)
Net gain/(loss) from changes in fair value of financial liabilities	85,110	4,822
Operating income	**769**	**6**
Administrative expenses	(2,225)	(6)
Other income	1,456	-
Net gain/(loss) from foreign currencies	-	-
Profit before income tax expense	**-**	**-**

Income tax expense	-	-
Profit for the period	**-**	**-**
Other comprehensive income for the period	-	-
Total comprehensive income for the period	**-**	**-**

STATEMENT OF CASH FLOWS OF THE SPC

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

	2022	**From date of establishment to 31 December 2021**
Operating activities		
Cash reimbursement to Shareholder	(695)	-
Bank services	(13)	-
Net cash flows used in operating activities	**(708)**	**-**
Financing activities		
Contribution of equity	1	-
Placement of exchange traded notes	2,923	921
Net cash flows from financing activities	**2,924**	**921**
Net increase/(decrease) in cash and cash equivalents	**2,216**	**921**
Effect of exchange rates changes on cash and cash equivalents	324	(3)
Cash and cash equivalents, at the beginning of the period	918	-
Cash and cash equivalents, at the end of the period	**3,458**	**918**

STATEMENT OF CHANGES IN EQUITY OF THE SPC

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

	Share capital	Retained earnings	Total equity
As at the date of establishment	**-**	**-**	**-**
Contribution of equity			
Total comprehensive income	-	-	-
As at 31 December 2021	**-**	**-**	**-**
Contribution of equity	1	-	1
Total comprehensive income for the period	-	-	-
As at 31 December 2022	**1**	**-**	**1**

SELECTED FINANCIAL INFORMATION

Below is the 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 exchange traded fund.

Issuer	**Currency**	**31 December 2022**		31 December 2021	
		Number of shares	**Market value**	Number of shares	Market value
Bitcoin Strategy ETF	US Dollar	**14,107**	**68,072**	2,997	37,400

	14,107	**68,072**	2,997	37,400

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

During 2022, 11,110 shares with a value of 107,225 thousand tenge and cash of 2,923 thousand tenge were received by the SPC for the sale of ETNs, issued by the SPC (from the date of establishment to 31 December 2021: 2,997 shares with a value of 42,367 thousand tenge and cash of 921 thousand tenge).

Changes in financial assets are as follow:

	1 January / Date of establishment	**ETF/ETN exchange**	**Changes in fair value**	**Foreign exchange**	**31 December**
2022	**37,400**	**107,225**	**(84,341)**	**7,788**	**68,072**
2021	-	42,367	(4,816)	(151)	37,400

Financial liabilities at fair value through profit or loss

Issuer	**Currency**	**31 December 2022**		31 December 2021	
		Number of ETNs	**Market value**	Number of ETNs	Market value
iX Bitcoin SPC Limited	US Dollar	**14,107**	**71,465**	2,997	38,312
		14,107	**71,465**	2,997	38,312

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

During 2022, the SPC made creation of 11,110 ETNs in amount of 110,201 thousand tenge (from date of establishment to 31 December 2021: 2,997 ETNs in amount of 43,288 thousand tenge).

The ETNs are unsecured and can be redeemed by the SPC prior to maturity, which is 9 December 2031.

Changes in financial liabilities are as follow:

	1 January / Date of establishment	**ETF/ETN exchange**	**Changes in fair value**	**Foreign exchange**	**31 December**
2022	**38,312**	**110,201**	**(85,110)**	**8,062**	**71,465**
2021	-	43,288	(4,822)	(154)	38,312

Administrative expenses

	2022	**From date of establishment to 31 December 2021**
Management fee	769	6

Audit	959	-
Custodian service	472	-
Bank services	13	-
CIT for non-resident	12	-
	2,225	**6**

Other income

Other income is a reimbursement of administrative expenses by the Management Company according to management agreement in amount of 1,456 thousand tenge.

Related Party Transactions

The major transactions with related parties for the years ended 31 December 2022 and 2021 were as follows:

	2022	**From date of establishment to 31 December 2021**
Placement of ETN		
AIX MLS Ltd.	(110,201)	(43,288)
Administrative expenses		
AIX FM Ltd.	(769)	(6)

RESPONSIBILITY STATEMENT

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

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