SECURITIES NOTE

dated February 13, 2024

62 232 iX US High Dividend Exchange Traded Notes[1] due October 05, 2030

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 US High Dividend SPC Limited.

This Securities Note dated February 13, 2024 for iX US High Dividend Exchange Traded Notes due October 05, 2030 (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 US High Dividend Exchange Traded Notes due October 05, 2030 (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 US High Dividend SPC Limited Exchange Traded Notes due October 05, 2030 dated October 22, 2022.

General

- The iX US High Dividend Exchange Traded Notes (the "**ETNs**") are senior unsecured debt obligations of iX US High Dividend SPC Limited (the "**SPC**"), a special purpose company incorporated in the AIFC whose sole assets are shares in the iShares Core High Dividend ETF (NYSE Arca ticker symbol: "HDV") (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 to track the investment results of the Morningstar Dividend Yield Focus Index (the "**Index**"), which offers exposure to high quality U.S.-domiciled companies that have had strong financial health and an ability to sustain above average dividend payouts. The Index is a subset of the Morningstar US Market Index, a broad market index that represents approximately 97% of the market capitalization of publicly traded U.S. stocks. The Index is comprised of qualified income paying securities that are screened for superior company quality and financial health as determined by Morningstar, Inc.'s ("**Morningstar**" or the "**Index Provider**") proprietary index methodology. The Underlying ETF and the Index are 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.**

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

- 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**").

- **An investment in the ETNs involves significant risks and is not appropriate for every investor. The ETNs should be purchased only by knowledgeable investors who understand the potential consequences of investing in the ETNs. Investors should consider their investment horizon as well as potential transaction costs when evaluating an investment in the ETNs and should regularly monitor their holdings of ETNs to ensure that they remain consistent with their investment strategies.**

- The ETNs are senior unsecured debt obligations of the SPC and mature on October 05, 2030.

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

- The ETNs will pay a coupon in the amount of dividends or other distributions related to the Shares owned by the SPC less the payment of taxes and bank commissions.

- The base currency of the ETNs is US Dollars (US$) and the nominal value of the ETNs shall be expressed in US Dollars (US$). The nominal value of one ETN calculated as at the date of the initial Prospectus (being October 05, 2020) is equal to 8,05 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 "**IXD**". 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.

- 23 910 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 2 391 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 62 232 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.
Coupon Amount	Total amount payable to the ETN Holders equal the sum of the cash dividends received by the SPC after payment of taxes and bank commissions related to the securities of the Underlying ETF owned by the SPC and divided by the number of ETNs outstanding as of the Coupon Record Date.
Coupon Announcement Date	The date on which the SPC announces the next Coupon Record Date, Coupon Amount and Coupon Payment Date.
Coupon Payment Date	Any date being a Business Day within 2 Business Days following the date on which SPC will receive net cash dividends related to the securities of the Underlying ETF.
Coupon Record Date	Record date as declared by the Underlying ETF.
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	KZX000000542.
Maturity Date	October 05, 2030.
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 US High Dividend SPC Limited ("**SPC**", "**we**", "**our**" or "**us**"), a special purpose company, registration number 200440900230, incorporated under the Acting Law of the AIFC on 30 April 2020 with registered address at Mangilik El 55, building 19, Astana, Kazakhstan, telephone +7(717) 223 53 66. The SPC is registered by Astana Financial Services Authority in the public register https://publicreg.myafsa.com/details/200440900230/ and governed by the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017).
Underlying ETF	iShares Core High Dividend ETF (NYSE Arca ticker symbol: "HDV").

NET ASSET VALUE

As at the date of this Securities Note, the Net Asset Value (“NAV”) was equal to 10.20 USD and consist of the following:

Date February 13, 2024

Type of asset	Value, USD
Cash	915.26
Shares (6 156 shares in the iShares Core High Dividend ETF)	634,129.56
Gross asset value	635,044.82
Total accrued Expenses for account of ETN Holders	95.42
NAV	634,949.40
NAV per ETN (with 62 232 ETNs outstanding as at the date of this Securities Note)	10.20

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

Month	NAV per ETN, USD	Month	NAV per ETN, USD
05 October 2020	8.49	May 2022	10,85
October 2020	8.43	June 2022	10,02
November 2020	8.67	July 2022	10,36
December 2020	8.76	August 2022	10,05
January 2021	8.73	September 2022	9,09
February 2021	8.67	October 2022	10,26
March 2021	8.74	November 2022	10,77
April 2021	8.76	December 2022	10,37
May 2021	8.73	January 2023	10,48
June 2021	8.81	February 2023	10,00
July 2021	8.79	March 2023	10,11
August 2021	8.81	April 2023	10,21
September 2021	8.75	May 2023	9,73
October 2021	9,84	June 2023	10,01
November 2021	9,47	July 2023	10,36

December 2021	10,09	August 2023	10,23
January 2022	10,32	September 2023	9,81
February 2022	10,30	October 2023	9,47
March 2022	10,67	November 2023	9,88
April 2022	10,34	December 2023	10,11
		January 2024	10,26

TERM AND CONDITIONS OF THE OFFER

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

Name of security	iX US High Dividend 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 October 05, 2020) is equal to 8,05 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 US High Dividend SPC Limited
Registrar	Astana International Exchange Registrar Ltd
Issue date	October 05, 2020
Maturity date	October 05, 2030
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	Floating, based on dividends received from the Underlying ETF
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	KZX000000542
Transferability	Freely transferable, no restrictions
Listing and trading	Astana International Exchange Limited
Date of admission to trading	October 06, 2020
Ticker	IXD
Initial issued quantity	23 910
Current issued quantity	62 232
Custodian	Jusan Bank JSC, Republic of Kazakhstan
Auditor	IAC Russell Bedford A+ Partners LLP, Republic of Kazakhstan
Underlying ETF	iShares Core High Dividend ETF (NYSE Arca ticker symbol: “HDV”)
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	*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	As stated in this Prospectus, the Stock Exchange may at its sole discretion appoint a market maker to provide two-way bid and ask quotes for secondary trading. Such

commitment to act as intermediaries in secondary trading	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 US High Dividend SPC Limited, a special purpose company governed by the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017) and incorporated in the AIFC. The assets of the SPC are a combination of shares in the Underlying ETF (the "**Shares**") and cash in US Dollars and Kazakhstan tenge in the hands of the SPC (the "**Cash**").

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

Net Asset Value

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

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

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

In addition to the above expenses, the SPC will pay Coupon Amount as described in detail on page 12 of this Securities Note.
Any cash dividends received by the SPC in relation to the Shares owned by the SPC will not be used for the payment of Expenses.

Total Expense Ratio
The Total Expense Ratio is the ratio of the Expenses, including operational fees and the management fee and the fees charged by the manager of the Underlying ETF, accrued on a daily basis, to the NAV. It is expected (but not guaranteed) that the Total Expense Ratio will not exceed 0.5 percent per annum.
For avoidance of doubt, any extraordinary expenses as well as the Coupon Amount and any withholding (or other taxes) associated with the net cash dividends related to the Shares will not be included in expenses for the purpose of calculation of the Total Expense Ratio.

Right of the Management Company to pay Expenses
If at any time the Total Expense Ratio exceeds 0.5 percent per annum, the Management Company has a right, but is not obliged, to reimburse the SPC for such shortfall.
The Management Company may, but is not obliged to, pay any operational fees at its own expense, with or without reimbursement from the SPC.
The management fee and operational fees are described in more detail on this page of this Prospectus.

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

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

Calculation and payment of the management fee
The management fee will be accrued on a daily basis and paid monthly by the SPC.
In the event the SPC has insufficient cash to pay the management fee or other Expenses, the SPC may sell Shares in order to cover such Expenses.

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

Substitution of the current Underlying ETF for a new Underlying ETF

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

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

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

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

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

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

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

Dividends and distributions received from the Shares

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

As soon as the SPC receives any net cash dividends from the Shares owned by the SPC, the SPC shall:
- immediately announce payment of coupon (on Coupon Announcement Date);
- on a Coupon Payment date pay the Coupon Amount to the ETN Holders.

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

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

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

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

Changes to this Securities Note

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

RISK FACTORS

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

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

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

RISK FACTORS RELATED TO THE ETNs

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

Amount of coupon paid may not be equal to the amount of dividends declared by the Underlying ETF
Any coupon paid by the SPC on the ETNs is paid out of net cash dividends received by the SPC after the deduction of taxes and transactional costs. Thus, Coupon Amount will be lower than the amount of dividends declared and paid by the Underlying ETF.

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

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

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

RISK FACTORS RELATED TO THE UNDERLYING ETF

Below are the principal risks related to the Underlying ETF taken from the prospectus of the Underlying ETF as of the date of this Securities Note. Potential investers are urged to read the full description of risks associated with the Underlying ETF in the most recent prospectus of the Underlying ETF available at http://www.ishares.com prior to the purchase of any ETNs. The prospectus of the Underlying ETF might be changed/updated by the Underlying ETF from time to time as well as risk factors involved.

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

Asset Class Risk.
The securities and other assets in the Underlying Index or in the Fund's portfolio may underperform in comparison to other securities or indexes that track other countries, groups of countries, regions, industries, groups of industries, markets, market segments, asset classes or sectors. Various types of securities, currencies and indexes may experience cycles of outperformance and underperformance in comparison to the general financial markets depending upon a number of factors

including, among other things, inflation, interest rates, productivity, global demand for local products or resources, and regulation and governmental controls. This may cause the Fund to underperform other investment vehicles that invest in different asset classes.

Authorized Participant Concentration Risk.

Only an Authorized Participant may engage in creation or redemption transactions directly with the Fund, and none of those Authorized Participants is obligated to engage in creation and/or redemption transactions. The Fund has a limited number of institutions that may act as Authorized Participants on an agency basis (i.e., on behalf of other market participants). To the extent that Authorized Participants exit the business or are unable to proceed with creation or redemption orders with respect to the Fund and no other Authorized Participant is able to step forward to create or redeem Creation Units, Fund shares may be more likely to trade at a premium or discount to NAV and possibly face trading halts or delisting..

Calculation Methodology Risk.

The Underlying Index relies on various sources of information to assess the criteria of issuers included in the Underlying Index, including information that may be based on assumptions and estimates. Neither the Fund nor BFA can offer assurances that the Underlying Index's calculation methodology or sources of information will provide an accurate assessment of included issuers.

Concentration Risk.

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

Cybersecurity Risk.

The Fund, Authorized Participants, service providers and the relevant listing exchange are susceptible to operational, information security and related "cyber" risks both directly and through their service providers. Similar types of cybersecurity risks are also present for issuers of securities in which the Fund invests, which could result in material adverse consequences for such issuers and may cause the Fund's investment in such issuers to lose value. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber incidents include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyberattacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Geopolitical tensions may increase the scale and sophistication of deliberate attacks, particularly those from nation-states or from entities with nation-state backing.

Cybersecurity failures by, or breaches of, the systems of the Fund's adviser, distributor and other service providers (including, but not limited to, index and benchmark providers, fund accountants, custodians, transfer agents and administrators), market makers, Authorized Participants or the issuers of securities in which the Fund invests have the ability to cause disruptions and impact business operations, potentially resulting in: financial losses, interference with the Fund's ability to calculate its NAV, disclosure of confidential trading information, impediments to trading, submission of erroneous trades or erroneous creation or redemption orders, the inability of the Fund or its service providers to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, cyberattacks may render records of Fund assets and transactions, shareholder ownership of Fund shares, and other data integral to the functioning of the Fund inaccessible, inaccurate or incomplete. Substantial costs may be incurred by the Fund in order to resolve or prevent cyber incidents. While the Fund has established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified, that prevention and remediation efforts will not be successful or that cyberattacks will go undetected. Furthermore, the Fund cannot control the cybersecurity plans and systems put in place by service providers to the Fund, issuers in which the Fund invests, the Index Provider, market makers or Authorized Participants. The Fund and its shareholders could be negatively impacted as a result..

Dividend-Paying Stock Risk.

Investing in dividend-paying stocks involves the risk that such stocks may fall out of favor with investors and underperform the broader market. Companies that issue dividend-paying stocks are not required to pay or continue paying dividends on such stocks. It is possible that issuers of the stocks held by the Fund will not declare dividends in the future or will reduce or eliminate the payment of dividends (including reducing or eliminating anticipated accelerations or increases in the payment of dividends) in the future.

Energy Sector Risk.
The market value of securities issued by companies in the energy sector may decline for the following reasons, among others: changes in and volatility of global energy prices, energy supply and demand, and spending on exploration and production of energy sources; exchange rates, interest rates, economic conditions, and tax treatment; changes in the actual or perceived availability of oil or other resource deposits; the enactment or cessation of trade sanctions or import controls; war or other geopolitical conflicts; negative perception; increased litigation; energy conservation efforts; energy infrastructure developments or service failures; and increased competition and technological advances. Companies in this sector may be subject to substantial government regulation and contractual fixed pricing, which may increase the cost of doing business and limit the earnings of these companies. A significant portion of the revenues of these companies may depend on a relatively small number of customers, including governmental entities and utilities. As a result, governmental budget constraints may have a material adverse effect on the stock prices of companies in this sector. Energy companies may also operate in, or engage in transactions involving, countries that have less developed regulatory regimes or a history of expropriation, confiscation of assets, foreign investment restrictions, nationalization or other adverse policies or that are at greater risk of political and social unrest, coups or labor disruptions. Energy companies also face a significant risk of liability from accidents resulting in injury or loss of life or property, pollution or other environmental problems, equipment malfunctions or mishandling of materials and a risk of loss from terrorism, cyber incident, political strife or natural disasters. Any such event could have serious consequences for the general population of the affected area and could have an adverse impact on the Fund’s portfolio and the performance of the Fund. Energy companies may have relatively high levels of debt and may be more likely than other companies to restructure their businesses if there are downturns in energy markets or in the global economy. Energy production companies, especially those for oil and gas, may also have to contend with service disruptions, pipeline and equipment leaks and ruptures, explosions, fires, unscheduled downtime, transportation interruptions, discharges or releases of toxic or hazardous gases and other environmental risks. The energy sector may experience significant market volatility. For example, Russia’s large-scale invasion of Ukraine on February 24, 2022 led to disruptions and increased volatility in the energy and commodity futures markets due to actual and potential disruptions in the supply and demand for certain commodities, including oil and natural gas. The U.S. and other actors have, in response, enacted various sanctions and restrictions on business dealings with Russia, which include restrictions on imports of oil, natural gas and coal. The effect of the current sanctions and restrictions, as well as the extent and duration of the Russian military action, additional sanctions and associated market disruptions on the energy sector, are impossible to predict and depend on a number of factors. The effect of these events or any related developments could be significant and may have a severe adverse effect on the performance of the Fund..

Equity Securities Risk.
Equity securities are subject to changes in value, and their values may be more volatile than those of other asset classes. The Underlying Index is composed of common stocks, which generally subject their holders to more risks than preferred stocks and debt securities because common stockholders’ claims are subordinated to those of holders of preferred stocks and debt securities upon the bankruptcy of the issuer.

Healthcare Sector Risk.
The profitability of companies in the healthcare sector may be adversely affected by the following factors, among others: extensive government regulations, restrictions on government reimbursement for medical expenses, rising costs of medical products and services, pricing pressure, an increased emphasis on outpatient services, changes in the demand for medical products and services, a limited number of products, industry innovation, changes in technologies and other market developments. Many healthcare companies are heavily dependent on patent protection. The expiration of a company’s patents may adversely affect that company’s profitability. Many healthcare companies are subject to extensive litigation based on product liability and similar claims. Healthcare companies are subject to competitive forces that may make it difficult to raise prices and, in fact, may result in price discounting. The U.S. Inflation Reduction Act of 2022 allows for the negotiation of prescription drug prices on behalf of Medicare recipients, which may result in reduced prescription prices. This could reduce some healthcare companies’ overall profitability. Many new products in the healthcare sector may be subject to regulatory approvals. The process of obtaining such approvals may be long and costly, and such efforts ultimately may be unsuccessful. Companies in the healthcare sector may be thinly capitalized and may be susceptible to product obsolescence. In addition, a number of legislative proposals concerning healthcare have been considered by the U.S. Congress in recent years. It is unclear what proposals will ultimately be enacted, if any, and what effect they may have on companies in the healthcare sector.
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Index-Related Risk.
The Fund seeks to achieve a return that corresponds generally to the price and yield performance, before fees and expenses, of the Underlying Index as published by the Index Provider. There is no assurance that the Index Provider or any agents that may act on its behalf will compile the Underlying Index accurately, or that the Underlying Index will be determined, composed or calculated accurately. While the Index Provider provides descriptions of what the Underlying Index is designed to achieve, neither the Index Provider nor its agents provide any warranty or accept any liability in relation to the quality, accuracy or completeness of the Underlying Index or its related data, and they do not guarantee that the Underlying Index will be in line with the Index Provider’s methodology. BFA’s mandate as described in this

Prospectus is to manage the Fund consistently with the Underlying Index provided by the Index Provider to BFA. BFA does not provide any warranty or guarantee against the Index Provider's or any agent's errors. Errors in respect of the quality, accuracy and completeness of the data used to compile the Underlying Index may occur from time to time and may not be identified and corrected by the Index Provider for a period of time or at all, particularly where the indices are less commonly used as benchmarks by funds or managers. Such errors may negatively or positively impact the Fund and its shareholders. For example, during a period where the Underlying Index contains incorrect constituents, the Fund would have market exposure to such constituents and would be underexposed to the Underlying Index's other constituents. Shareholders should understand that any gains from Index Provider errors will be kept by the Fund and its shareholders and any losses or costs resulting from Index Provider errors will be borne by the Fund and its shareholders. Unusual market conditions or other unforeseen circumstances (such as natural disasters, political unrest or war) may impact the Index Provider or a third-party data provider, and could cause the Index Provider to postpone a scheduled rebalance to the Underlying Index. This could cause the Underlying Index to vary from its normal or expected composition. The postponement of a scheduled rebalance could mean that constituents of the Underlying Index that would otherwise be removed at rebalance due to changes in market capitalizations, issuer credit ratings, or other reasons may remain, causing the performance and constituents of the Underlying Index to vary from those expected under normal conditions. Apart from scheduled rebalances, the Index Provider or its agents may carry out additional ad hoc rebalances to the Underlying Index due to reaching certain weighting constraints, unusual market conditions or corporate events or, for example, to correct an error in the selection of index constituents. When the Underlying Index is rebalanced and the Fund in turn rebalances its portfolio to attempt to increase the correlation between the Fund's portfolio and the Underlying Index, any transaction costs and market exposure arising from such portfolio rebalancing will be borne directly by the Fund and its shareholders. Therefore, errors and additional ad hoc rebalances carried out by the Index Provider or its agents to the Underlying Index may increase the costs to and the tracking error risk of the Fund.

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

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

Investment Strategy Risk.
The types of securities that qualify for inclusion in the Underlying Index can be expected to change over time. Particular risks may be elevated during periods in which the index methodology dictates higher levels of investment in particular types of investments. While the index methodology attempts to screen companies for inclusion in the Underlying Index based on financial health and a history of growing or paying above average dividends, there is no guarantee that the securities in the Underlying Index or in the Fund's portfolio will increase in value or that they won't decline in value. In addition, if the index methodology used by the Index Provider fails to accurately predict which stocks will perform well, the Fund's performance will suffer.

Issuer Risk.
The performance of the Fund depends on the performance of individual securities to which the Fund has exposure. Any issuer of these securities may perform poorly, causing the value of its securities to decline. Poor performance may be caused by poor management decisions, competitive pressures, changes in technology expiration of patent protection,

disruptions in supply, labor problems or shortages, corporate restructurings, fraudulent disclosures, credit deterioration of the issuer or other factors. Issuers may, in times of distress or at their own discretion, decide to reduce or eliminate dividends, which may also cause their stock prices to decline. There is no guarantee that an issuer that paid dividends in the past will continue to do so in the future or will continue paying dividends at the same level. An issuer may also be subject to risks associated with the countries, states and regions in which the issuer resides, invests, sells products, or otherwise conducts operations.

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

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

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

Market Trading Risk.
Absence of Active Market. Although shares of the Fund are listed for trading on one or more stock exchanges, there can be no assurance that an active trading market for such shares will develop or be maintained by market makers or Authorized Participants.
Risk of Secondary Listings. The Fund's shares may be listed or traded on U.S. and nonU.S. stock exchanges other than the U.S. stock exchange where the Fund's primary listing is maintained, and may otherwise be made available to non-U.S. investors through funds or structured investment vehicles similar to depositary receipts. There can be no assurance that the Fund's shares will continue to trade on any such stock exchange or in any market or that the Fund's shares will continue to meet the requirements for listing or trading on any exchange or in any market. The Fund's shares may be less actively traded in certain markets than in others, and investors are subject to the execution and settlement risks and market standards of the market where they or their broker direct their trades for execution. Certain information available to investors who trade Fund shares on a U.S. stock exchange during regular U.S. market hours may not be available to investors who trade in other markets, which may result in secondary market prices in such markets being less efficient.
Secondary Market Trading Risk. Shares of the Fund may trade in the secondary market at times when the Fund does not accept orders to purchase or redeem shares. At such times, shares may trade in the secondary market with more significant premiums or discounts than might be experienced at times when the Fund accepts purchase and redemption orders. Secondary market trading in Fund shares may be halted by a stock exchange because of market conditions or for other reasons. In addition, trading in Fund shares on a stock exchange or in any market may be subject to trading halts caused by extraordinary market volatility pursuant to "circuit breaker" rules on the stock exchange or market. Shares of the Fund, similar to shares of other issuers listed on a stock exchange, may be sold short and are therefore subject to the risk of increased volatility and price decreases associated with being sold short. In addition, trading activity in derivative products based on the Fund may lead to increased trading volume and volatility in the secondary market for the shares of the Fund.
Shares of the Fund May Trade at Prices Other Than NAV. Shares of the Fund trade on stock exchanges at prices at, above or below the Fund's most recent NAV. The NAV of the Fund is calculated at the end of each business day and fluctuates with changes in the market value of the Fund's holdings. The trading price of the Fund's shares fluctuates continuously throughout trading hours based on both market supply of and demand for Fund shares and the underlying value of the Fund's portfolio holdings or NAV. As a result, the trading prices of the Fund's shares may deviate significantly from NAV during periods of market volatility. ANY OF THESE FACTORS, AMONG OTHERS, MAY LEAD TO THE FUND'S SHARES TRADING AT A PREMIUM OR DISCOUNT TO NAV. However, because shares can be created and redeemed in Creation Units at NAV, BFA believes that large discounts or premiums to the NAV of the Fund are not likely to be sustained over the long term (unlike shares of many closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their NAVs). While the creation/redemption feature is designed to make it more likely that the Fund's shares normally will trade on stock exchanges at prices close to the Fund's next calculated NAV, exchange prices are not expected to correlate exactly with the Fund's NAV due to timing reasons,

supply and demand imbalances and other factors. In addition, disruptions to creations and redemptions, including disruptions at market makers, Authorized Participants, or other market participants, and during periods of significant market volatility, may result in trading prices for shares of the Fund that differ significantly from its NAV. Authorized Participants may be less willing to create or redeem Fund shares if there is a lack of an active market for such shares or its underlying investments, which may contribute to the Fund's shares trading at a premium or discount to NAV.

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

Non-Diversification Risk.

The Fund is classified as "non-diversified." This means that, compared with other funds that are classified as "diversified," the Fund may invest a greater percentage of its assets in securities issued by or representing a small number of issuers. As a result, the Fund may be more susceptible to the risks associated with these particular issuers or to a single economic, political or regulatory occurrence affecting these issuers.

Operational Risk.

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

Risk of Investing in the U.S.

A decrease in imports or exports, changes in trade regulations, inflation and/or an economic recession in the U.S. may have a material adverse effect on the U.S. economy and the securities listed on U.S. exchanges. Proposed and adopted policy and legislative changes in the U.S. are changing many aspects of financial, commercial, public health, environmental, and other regulation and may have a significant effect on U.S. markets generally, as well as on the value of certain securities. Governmental agencies project that the U.S. will continue to maintain elevated public debt levels for the foreseeable future. Although elevated debt levels do not necessarily indicate or cause economic problems, elevated public debt service costs may constrain future economic growth. Circumstances could arise that could prevent the timely payment of interest or principal on U.S. government debt, such as reaching the legislative "debt ceiling." Such non-payment would result in substantial negative consequences for the U.S. economy and the global financial system. If U.S. relations with certain countries deteriorate, it could adversely affect U.S. issuers as well as non-U.S. issuers that rely on the U.S. for trade. The U.S. has also experienced increased internal unrest and discord. If these trends were to continue, it may have an adverse impact on the U.S. economy and the issuers in which the Fund invests.

Securities Lending Risk.

The Fund may engage in securities lending. Securities lending involves the risk that the Fund may lose money because the borrower of the loaned securities fails to return the securities in a timely manner or at all. The Fund could also lose money in the event of a decline in the value of collateral provided for loaned securities or a decline in the value of any investments made with cash collateral. These events could also trigger adverse tax consequences for the Fund. BlackRock Institutional Trust Company, N.A. ("BTC"), the Fund's securities lending agent, will take into account the tax impact to shareholders of substitute payments for dividends when managing the Fund's securities lending program.

Tracking Error Risk.

The Fund may be subject to "tracking error," which is the divergence of the Fund's performance from that of the Underlying Index. Tracking error may occur because of differences between the securities and other instruments held in the Fund's portfolio and those included in the Underlying Index, pricing differences, transaction costs incurred by the Fund, the Fund's holding of uninvested cash, differences in timing of the accrual or the valuation of dividends or interest received by the Fund or distributions paid to the Fund's shareholders, the requirements to maintain pass-through tax treatment, portfolio transactions carried out to minimize the distribution of capital gains to shareholders, acceptance of custom baskets, changes to the Underlying Index or the costs to the Fund of complying with various new or existing regulatory requirements, among other reasons. This risk may be heightened during times of increased market volatility or other unusual market conditions. Tracking error also may result because the Fund incurs fees and expenses, while the Underlying Index does not.

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 www.ishares.com.

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 (HTTP://WWW.ISHARES.COM) 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 HTTP://WWW.ISHARES.COM PRIOR TO PURCHASING ANY ETNS.

Overview

The return on the ETNs is linked to the performance of the iShares Core High Dividend ETF (NYSE: HDV) (the "**Underlying ETF**"). The Underlying ETF seeks to track the investment results of an index composed of relatively high dividend paying U.S. equities.

Key Facts

Net Assets of Fund as of Feb 21, 2024	$10,054,727,026	Fund Inception	Mar 29, 2011
Exchange	NYSE Arca	Asset Class	Equity
Benchmark Index	Morningstar Dividend Yield Focus Index	Bloomberg Index Ticker	MDYFT
Shares Outstanding as of Feb 21, 2024	95,300,000	Distribution Frequency	Quarterly
Closing Price as of Feb 21, 2024	105.51	CUSIP	46429B663

Portfolio characteristics

Number of Holdings as of Feb 21, 2024	75	12m Trailing Yield as of Jan 31, 2024	3.76%
30 Day SEC Yield as of Jan 31, 2024	4.05%	P/E Ratio as of Feb 21, 2024	16.04%
P/B Ratio as of Feb 21, 2024	2.80		

Top 10 holdings (as of Feb 21, 2024)

Issuer	**Weight (%)**	**Issuer**	**Weight (%)**
EXXON MOBIL CORP	8.22	MERCK & CO INC	4.59
ABBVIE INC	6.39	PHILIP MORRIS INTERNATIONAL INC	4.10
VERIZON COMMUNICATIONS INC	6.10	COCA-COLA	3.85
CHEVRON CORP	5.97	PEPSICO INC	3.58

JOHNSON & JOHNSON	5.93	INTERNATIONAL BUSINESS MACHINES CO	3.47

Fees and Expenses Attributable to Underlying ETF

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

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

Management Fees	**Distribution and Service (12b-1) Fees**	**Other Expenses***	**Total Annual Fund Operating Expenses**
0.08%	None	0.00%	0.08%

* The amount rounded to 0.00%.

Principal Investment Strategies of Underlying ETF

The Underlying ETF seeks to track the investment results of the Morningstar Dividend Yield Focus Index (the "**Index**"), which offers exposure to high quality U.S.-domiciled companies that have had strong financial health and an ability to sustain above average dividend payouts.

The Index is a subset of the Morningstar US Market Index, a broad market index that represents approximately 97% of the market capitalization of publicly traded U.S. stocks. The Index is composed of qualified income paying securities that are screened for superior company quality and financial health as determined by Morningstar, Inc.'s ("**Morningstar**" or the "**Index Provider**") proprietary index methodology. Stocks in the Index represent the top 75 high-yielding stocks meeting the screening requirements. The Morningstar index methodology determines "company quality" in accordance with the Morningstar Economic Moat rating system, in which companies are assigned a moat rating of "none," "narrow" or "wide" based on the prospect of earning above average returns on capital and the strength of the company's competitive advantage. Additionally, companies are screened for "financial health" using Morningstar's Distance to Default measure, a quantitative option pricing approach that estimates a company's probability of default.

To qualify for inclusion in the Index, constituents must have a Morningstar Economic Moat rating of "narrow" or "wide" and have a Morningstar Distance to Default score in the top 50% of eligible dividend-paying companies within their sector. Companies that are not assigned a Morningstar Economic Moat rating must have a Morningstar Distance to Default score in the top 30% of eligible dividend-paying companies within their sector. Additionally, each constituent's dividend must be deemed to be qualified income.

The Index may include large- , mid-and small-capitalization companies and may change over time. As of April 30, 2023, a significant portion of the Underlying Index is represented by securities of companies in the energy and healthcare industries or sectors.. The components of the Index are likely to change over time.

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

BFA uses a representative sampling indexing strategy to manage the Underlying ETF. "Representative sampling" is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to that of an applicable underlying index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of an applicable underlying index. The Underlying ETF may or may not hold all of the securities in the Index. The Underlying ETF generally will invest at least 80% of its assets in the component securities of its Index and in investments that have economic characteristics that are substantially identical to the component securities of its Index (i.e., depositary receipts representing securities of the Index) and may invest up to 20% of its assets in certain futures, options and swap contracts, cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates, as well as in securities not included in the Index, but which BFA believes will help the Underlying ETF track the Index. Cash and cash equivalent investments associated with a derivative position will be treated as part of that position for the purposes of calculating the percentage of investments included in the Index.

The Underlying ETF seeks to track the investment results of the Index before fees and expenses of the Underlying ETF. The Underlying ETF may lend securities representing up to one-third of the value of the Underlying ETF's total assets (including the value of any collateral received). The Index is sponsored by Morningstar, which is independent of the Underlying ETF and BFA. The Index Provider determines the composition and relative weightings of the securities in the Index and publishes information regarding the market value of the Index.

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

Investment Manager

BlackRock Fund Advisors.

Additional information about Underlying ETF

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

SPC

iX US High Dividend SPC Limited, a special purpose company incorporated under the AIFC law on 30 April 2020 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 254900M7PF8LLV3WON61. 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 US High Dividend SPC Limited is incorporated with the principal business purpose of issuing and maintaining ETNs, the purchase of which will enable the ETN holders to participate in the performance (i.e., gains or losses) of the Underlying ETF.

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

The AFSA Registrar of Companies has issued a certificate of incorporation with respect to the SPC on 30 April 2020 and included it into the AFSA's public register at https://publicreg.myafsa.com/details/200440900230/.

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, recevables and shares) in connection with and for the purpose of the transactions referred to in paragraph (a) above;
(c) the obtaining of any type of financing (banking or capital markets), the granting of any type of security interest over its assets, the providing of any indemnity or similar support for the benefit of its shareholders or any of its subsidiaries, or the entering into of any type of hedging arrangements, in connection with and for the purpose of the transactions referred to in paragraph (a) above;
(d) the financing of the shareholder or another special purpose company;
(e) any other activity approved in writing by the Registrar of Companies of the AIFC; and
(f) any activity ancillary to an activity mentioned in paragraphs (a) to (f).
In addition, in accordance with the articles of association of the SPC the SPC shall be entitled to own and/or hold only those assets which are permitted to be owned or held under this Prospectus (as this Prospectus may be amended from time to time).

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

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

Auditor
The SPC has appointed IAC Russell Bedford A+ Partners LLP as its Auditor. The audited financial statements prepared in accordance with IFRS are published on the website of the Stock Exchange at www.aix.kz 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.

	As at 31 December 2022	**31 December 2021**
Assets		
Cash and cash equivalents	500	249
Financial assets at fair value through profit or loss	298,282	227,239
Total Assets	**298,782**	**227,488**
Equity		
Share capital	1	1
Retained earnings/(accumulated loss)	-	-
Total Equity	**1**	**1**
Liabilities		
Financial liabilities at fair value through profit or loss	298,677	227,400
Other liabilities	104	87
Total Liabilities	**298,781**	**227,487**
Total Equity and Liabilities	**298,782**	**227,488**

STATEMENT OF COMPREHENSIVE INCOME OF THE SPC

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

	2022	**2021**
Net gain/(loss) from changes in fair value of financial assets	4,875	19,174
Net gain/(loss) from changes in fair value of financial liabilities	(3,776)	(18,634)
Dividends income on financial assets	10,049	5,202
Remunerations repaid on financial liabilities	(8,403)	(4,409)
Operating income	**2,745**	**1,333**
Administrative expenses	(2,459)	(2,410)
Other income	1,272	1,383
Net gain/(loss) from foreign currencies	(51)	1
Profit before income tax expense	1,507	**307**

Income tax expense	(1,507)	(307)
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, as at 31 December 2022.

	2022	**2021**
Operating activities		
Management fee	(1,062)	(444)
Other payments	(89)	(11)
Net cash flows from operating activities	**(1,151)**	**(455)**
Investing activities		
Dividends received from financial assets	8,450	5,214
Selling of exchange traded funds	1,218	256
Net cash flows from investing activities	**9,668**	**5,470**
Financing activities		
Placement of exchange traded notes	80	106
Dividends paid	(8,334)	(5,193)
Net cash flows from financing activities	**(8,254)**	**(5,087)**
Net increase/(decrease) in cash and cash equivalents	**263**	**(72)**
Effect of exchange rates changes on cash and cash equivalents	(12)	(14)
Cash and cash equivalents, beginning of the period	249	335
Cash and cash equivalents, at the end of the period	**500**	**249**

STATEMENT OF CHANGES IN EQUITY OF THE SPC

The table below sets forth the statement of changes in equity of the SPC, as at 31 December 2022.

	Share capital	**Retained earnings**	**Total equity**
As at 31 December 2020	**1**	**-**	**1**
Total comprehensive income for the year	-	-	-
As at 31 December 2021	**1**	**-**	**1**
Total comprehensive income for the year	-	-	-
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 funds.

Issuer	**Currency**	**31 December 2022**		**31 December 2021**	
		Number of shares	**Market value**	**Number of shares**	**Market value**

iShares Core High Dividend ETF	US Dollar	**6,185**	**298,282**	5,211	227,239
		6,185	**298,282**	5,211	227,239

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 the 12 months 2022, 1,000 shares with a value of 48,351 thousand tenge and cash of 80 thousand tenge were received by the SPC for the sale of ETNs, issued by the SPC (2021: 2,826 shares with a value of 116,352 thousand tenge and cash of 106 thousand tenge).

In 2022, the SPC sold 26 ETF in amount of 1,218 thousand tenge (2021: 6 ETF in amount of 256 thousand tenge). According to prospectus, in the event the SPC has insufficient cash to pay management fee or other expenses, the SPC may sell ETF shares in order to cover such expenses.

Changes in financial assets are as follow:

	1 January	**ETF sales**	**ETF/ETN exchange**	**Coupon accrued but not received**	**Changes in fair value**	**Foreign exchange**	**31 December**
2022	**227,239**	**(1,218)**	**48,351**	**-**	**4,875**	**19,035**	**298,282**
2021	88,975	(256)	116,352	(805)	19,174	3,799	227,239

Financial liabilities at fair value through profit or loss

The terms of financial liabilities at fair value through profit or loss as at 31 December 2022 are as follows:

Issuer	**Currency**	**31 December 2022**		**31 December 2021**	
		Number of ETNs	**Market value**	**Number of ETNs**	**Market value**
iX US High Dividend SPC Limited	US Dollar	**62,232**	**298,677**	52,181	227,400
		62,232	**298,677**	52,181	227,400

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 the 12 months 2022 the SPC made additional creation of 10,051 ETNs in amount of 48,431 thousand tenge (2021: 28,271 ETNs in amount of 116,458 thousand tenge).

The ETNs are unsecured and can be redeemed by the SPC prior to maturity, which is 5 October 2030.

Changes in financial liabilities are as follow:

	1 January	**Cash Inflow**	**ETF/ETN exchange**	**Coupon accrued**	**Changes in fair value**	**Foreign exchange**	**31 December**

				but not paid			
2022	**227,400**	**80**	**48,351**	**-**	**3,776**	**19,070**	**298,677**
2020	89,309	106	116,352	(766)	18,634	3,765	227,400

Administrative expenses

	2022	**2021**
Audit	809	937
Management fee	1,100	541
Withholding tax	24	517
Custodian service	446	390
Bank service	80	25
	2,459	**2,410**

Other income

Other income is a reimbursement of administrative expenses by the Management Company according to management agreement in amount of 1,272 thousand tenge (From date of establishment to 31 December 2021: 1,383 thousand tenge).

Related Party Transactions

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

	2022	2021
Placement of ETN		
AIX MLS Ltd.	(48,431)	(116,458)
Administrative expenses		
AIX FM Ltd.	(1,100)	(541)
Other income		
AIX FM Ltd.	1,272	1,383

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 (http://www.ishares.com) 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 http://www.ishares.com 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.