

200 000 ETNs<sup>1</sup>  
**Qazaqstan Equity Passive SPC Limited SPC Limited**  
**Prospectus dated September 08, 2021**

**Qazaqstan Equity Passive SPC Limited Exchange Traded Notes due September 08, 2031.**

- **General.** The Qazaqstan Equity Passive SPC Limited Exchange Traded Notes (the “**ETNs**” or the “**Notes**”) are senior unsecured debt obligations of Qazaqstan Equity Passive SPC Limited (the “**SPC**”), a special purpose company incorporated in the AIFC as a passive investment vehicle that seeks to track the performance of a benchmark index that measures the investment return of various equities and/or depositary receipts of Kazakhstani companies.
- **The Index.** The SPC employs a passive investment approach designed to track the performance of the AIX Qazaq Index (the “**Index**”), comprising of the stocks of large and medium Kazakhstani companies (the “**Shares**”). The Index is a group of securities that satisfy specified market capitalization and other eligibility requirements and whose overall performance is intended to be used as a standard to measure the investment performance of Kazakhstani equity market. The Index is described in more detail on pages 21 to 23 of this Prospectus (this “**Prospectus**”).
- The SPC attempts to replicate the Index by investing all, or substantially all, of its assets in the Shares that make up the Index, holding each Share in approximately the same proportion as its weighting in the Index. Halyk Finance JSC (the “**Investment Manager**”), acting as an investment manager to the SPC, is responsible for rebalancing of the assets of the SPC to comply with the Index.
- The ETNs seek to provide investors a return linked to the performance of the Index, reduced by the Expenses. The amount of accrued Expenses will reduce the amount, if any, the investor will receive at maturity, upon Redemption or upon exercise by the SPC of its Early Termination Right (as the case may be), which could result in a loss to the investor on his investment, even if the value of Shares at the date of sale is greater than the value of Shares at the date of 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 Ltd (“**AIX FM**”). AIX FM 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 September 08, 2031.
- The ETNs do not guarantee any return on investment. Prior to maturity of the Notes, unless the ETNs are either redeemed or terminated in accordance with their terms, ETN holders will only be able to realise the value of their investment by selling the ETNs. On maturity of the ETNs, ETN holders will receive Shares, which could be supplemented with Cash, and the amount of such Cash and/or number of Shares will be reduced by the Expenses.
- The ETNs will pay 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 Kazakhstani Tenge (KZT) and the nominal value of the ETNs shall be expressed in Kazakhstani Tenge (KZT). The nominal value of one ETN calculated as at the date of this Prospectus is equal to KZT equivalent of 10 USD. This nominal value is not a principal amount and, accordingly, does not provide the ETN holder with a right to claim this amount from the SPC. The value and price of the ETNs will be subject to change on a daily basis, as described in more detail on pages 13 to 20 of this Prospectus.

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<sup>1</sup> This amount represents the amount of the Initial Placement. The Issuer may issue additional ETNs as further described in this Prospectus.

- The ETNs are expected to be listed and traded on AIX under the ticker symbol “**QZP**”. The SPC has no obligation to maintain any listing on any exchange or quotation system and no assurance can be given that the listing on AIX will be maintained.
- This Prospectus and (if) any changes or amendments to this Prospectus (in the form of supplementary prospectus) will be published on the website of Stock Exchange (AIX).
- 200 000 ETNs have been issued by the SPC in the amount of the Initial Placement and are expected to be sold off-exchange to the Initial Purchaser where the consideration provided by the Initial Purchaser will consist of Shares and cash in the approximate amount of 2,000,000 (two million) USD. The Initial Purchaser may sell these ETNs on AIX or off-exchange.
- Further issuances of the ETNs will be carried out by the SPC only upon the request of the Authorised Participants. Such additional issuances of the ETNs will be sold by the SPC to the Authorised Participants off-exchange at the price intended to be approximately close to the NAV. The Authorised Participants may sell ETNs on AIX and/or off-exchange. Prospective investors may purchase or sell ETNs on AIX and/or off-exchange. The Initial Purchaser and the Authorised Participants have a right to redeem ETNs purchased from the Issuer, on AIX or off-exchange. The redemption of the ETNs will be made off-exchange. **ETN holders (other than Authorised Participant(s) and Initial Purchaser(s)) shall have no right to require the SPC to redeem ETNs.** The SPC and its certain affiliates may engage in purchase and resale transactions in the ETNs, although they are not required to do so and may stop at any time. For a detailed description of these procedures, please refer to the Section headed “Issuances, trading and redemptions of ETNs” on pages 18 to 20 of this Prospectus.

**Investing in the ETNs involves a number of risks not associated with an investment in conventional debt securities. See the Section headed “Risk Factors” starting on page 32 of this Prospectus for more information.**

**Astana International Exchange Ltd (AIX) and its related companies and their respective directors, officers and employees do not accept responsibility for the content of this Prospectus including the accuracy or completeness of any information or statements included in it. Liability for 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.**

## TABLE OF CONTENTS

<b>DEFINITIONS AND KEY TERMS</b> .....	4
<b>PROSPECTUS SUMMARY</b> .....	7
<b>GENERAL TERMS OF THE NOTES</b> .....	13
<b>ISSUANCES, TRADING AND REDEMPTIONS OF ETNS</b> .....	18
<b>THE INDEX</b> .....	21
<b>THE INVESTMENT MANAGER</b> .....	24
<b>THE ISSUER/SPC</b> .....	27
<b>RISK FACTORS</b> .....	32
<b>USE OF PROCEEDS</b> .....	39
<b>REGISTRATION, PURCHASE AND SALE OF ETNS</b> .....	40
<b>ADDITIONAL INFORMATION</b> .....	41
<b>TAXATION</b> .....	44
<b>IMPORTANT NOTICE</b> .....	45
<b>GENERAL PROVISIONS</b> .....	46
<b>ENFORCEABILITY OF CIVIL LIABILITIES AND CERTAIN LEGAL MATTERS</b> .....	47
<b>GOVERNING LAW</b> .....	48
<b>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</b> .....	50
<b>RESPONSIBILITY STATEMENT</b> .....	51

## DEFINITIONS AND KEY TERMS

<b>Acting Law of the AIFC</b>	Has the same meaning as defined in clause 1 of Article 4 of the Constitutional Law of the Republic of Kazakhstan “On the Astana International Financial Centre” No. 438-V ZRK, dated 7 December 2015.
<b>AIFC</b>	Astana International Financial Centre.
<b>AIX CSD</b>	Astana International Exchange Central Securities Depository Limited, a private company incorporated under the Acting Law of the AIFC within the AIFC licensed by the Astana Financial Services Authority for securities settlement and depository activities (license no. 092018-001).
<b>AIX Registrar</b>	Astana International Exchange Registrar Limited acting under an agreement with the Issuer dated June 17, 2021.
<b>Auditor</b>	Crowe Audit Astana LLP.
<b>Authorised Participant</b>	Any legal entity that enters into an Authorised Participant Agreement with the SPC, including Astana International Exchange Market Liquidity Services Limited, a wholly-owned subsidiary of AIX, which entered into the Authorised Participant Agreement with the SPC on September 08, 2021.
<b>Authorised Participant Agreement</b>	An authorised participant agreement to be concluded between an Authorised Participant and the SPC, as may be amended, supplemented or otherwise modified from time to time.
<b>Business Day</b>	Any day that is not a Saturday or Sunday or that is not a day on which banking institutions are generally authorised or obligated by law, regulation or executive order to close in Nur-Sultan (formerly Astana), Kazakhstan.
<b>Cash</b>	Cash in US Dollars, Kazakhstani tenge and other currencies in hand of the SPC and, to the extent only that they are immediately available for withdrawal or otherwise immediately available to the SPC, all deposits of the SPC with any bank/brokerage company/custodian. Cash will be held in a bank account of the SPC with the Custodian.
<b>Coupon Amount</b>	Total amount payable to the ETN holders equal the sum of the cash dividends received by the SPC after payment of taxes and bank commissions related to the Shares owned by the SPC and divided by the number of ETNs outstanding as of the Coupon Record Date.
<b>Coupon Payment Date</b>	Any business day (within 10 business days after the Coupon Record Date) on which the SPC pays the Coupon Amount, except for the last Coupon Amount which will be paid together with Settlement Amount.
<b>Coupon Record Date</b>	First of July each year.
<b>Creation Amount</b>	1 000 ETNs, subject to the right of the Management Company to modify the Creation Amount at any time at its sole and absolute discretion.
<b>Custody Agreement</b>	A custody agreement(s) with the Custodian, as may be amended, supplemented or otherwise modified from time to time.
<b>Custodian</b>	Subsidiary Bank Sberbank of Russia Joint Stock Company in Kazakhstan, a legal entity incorporated under the laws of the Republic of Kazakhstan and acting as a custodian for the Shares and Cash owned by the SPC, pursuant to and in accordance with the terms and conditions of the Custody Agreement.
<b>Early Termination Right</b>	Right of the SPC to redeem all, but not less than all, of the issued and outstanding ETNs, as described in this Prospectus on page 20.
<b>ETN holder(s)</b>	The end investor, whether a natural or legal person, who owns ETNs for their own account and enjoys the benefits of ownership of the ETNs, notwithstanding the fact that the ETNs are held or recorded in the depository system of the AIX CSD under another name (for example, under a name of a nominee).
<b>Expenses</b>	All expenses paid by the SPC in connection with the ETNs, as described in this Prospectus on pages 13 to 14.
<b>Governing Law and Arbitration</b>	The ETNs (including without limitation the binding agreement relating to arbitration between the SPC and the ETN holders), described in the Section headed “Arbitration” below on pages 48 to 49 of this Prospectus, including any non-contractual obligations arising out of or in connection with them, shall be governed by, and construed in accordance with, the Acting Law of the AIFC.  Any dispute, controversy, difference or claim, whether contractual or non-contractual, arising out of or in relation to this Prospectus, including its

	existence, validity, interpretation, performance, breach or termination, shall be referred to and finally resolved by arbitration administered by the IAC in accordance with the IAC Arbitration and Mediation Rules in force on the date on which the Request for Arbitration is filed with the Registrar of the IAC, which Rules are deemed to be incorporated by reference into this Prospectus. Details of the binding nature of the agreement between the SPC and the ETN holders in relation to the Notes is set forth on page 49 of this Prospectus.
<b>IAC</b>	International Arbitration Centre of the AIFC.
<b>IFRS</b>	International Financial Reporting Standards (including international accounting standards, international financial reporting standards and interpretations of those standards) as in force from time to time.
<b>Initial Placement</b>	The direct subscription by the Initial Purchaser of ETNs pursuant to and in accordance with the Subscription Agreement.
<b>Initial Purchaser</b>	Astana International Exchange Market Liquidity Services Limited, a wholly-owned subsidiary of AIX, or any other legal entity (including any affiliate of the SPC) which enters into the Subscription Agreement.
<b>Investment Manager</b>	Halyk Finance JSC, a legal entity incorporated under the laws of the Republic of Kazakhstan or such other person for the time being duly appointed as Investment Manager under the Investment Management Agreement to succession to Halyk Finance JSC.
<b>Investment Management Agreement</b>	An agreement concluded between the SPC and the Investment Manager, as may be amended, supplemented or otherwise modified from time to time, pursuant to which the Investment Manager provides investment management services to the SPC in return for investment management fee.
<b>ISIN</b>	KZX000000732.
<b>Issuer or SPC</b>	Qazaqstan Equity Passive SPC Limited (“ <b>SPC</b> ”, “ <b>we</b> ”, “ <b>our</b> ” or “ <b>us</b> ”), a special purpose company, registration number 210540900038, incorporated under the Acting Law of the AIFC on 06 May 2021 with registered address at Mangilik El 55, building 19, Nur-Sultan, Kazakhstan, telephone +7(717) 223 53 66 and governed by the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017).
<b>Kazakhstan</b>	Republic of Kazakhstan.
<b>Kazakhstani tenge or KZT</b>	Lawful currency of Kazakhstan.
<b>Listing</b>	Application has been made to list the ETNs on the official list of AIX and for admission to trade the ETNs on AIX.
<b>Management Company</b>	AIX FM, a wholly-owned subsidiary of AIX.
<b>Maturity Date</b>	September 08, 2031.
<b>Method of Notification to ETN holders</b>	All notifications to holders of ETNs, as well as publication of annual reports and other information concerning the ETNs, shall be made available via the AIX’s website at <a href="http://www.aix.kz">www.aix.kz</a> .
<b>Method of Placement</b>	ETNs are issued in exchange for Shares and/or Cash, in each case in such proportion as determined by the Management Company.
<b>Method of Repayment or Redemption</b>	ETNs are redeemed in exchange for Shares and could be supplemented with Cash, in each case in such proportion as determined by the Management Company.
<b>Minimum Term</b>	3 years from the date of this Prospectus.
<b>NAV or Net Asset Value</b>	The value of Shares, Cash and other assets held or owned by the SPC, reduced by the accrued but unpaid Expenses (as further described in the sub-Section headed “Expenses” in the “General Terms of the Notes” Section on pages 13 to 14 of this Prospectus).
<b>NAV per ETN</b>	The NAV per ETN is calculated by dividing the NAV by the number of ETNs outstanding.
<b>On-Going Placement(s)</b>	ETNs issued from time to time to Authorised Participants in exchange for Shares and/or Cash, in each case at the consideration intended to be approximately close to the NAV.
<b>Placement Date</b>	Any Business Day as determined solely by the SPC at its sole and absolute discretion.
<b>Placement Notice</b>	An irrevocable request provided by the Authorised Participant to the SPC pursuant to and in accordance with the Authorised Participant Agreement.

<b>Redemption(s)</b>	The right of an Authorised Participant or (as the case may be) Initial Purchaser to require the SPC to redeem ETNs as at the Redemption Date, subject in all cases to compliance with the procedures described in this Prospectus on page 19.  <b>ETN holders (other than Authorised Participant(s) and Initial Purchaser(s)) shall have no right to require the SPC to redeem ETNs.</b>
<b>Redemption Amount</b>	1 000 ETNs, subject to the right of the Management Company to modify the Redemption Amount at any time at its sole and absolute discretion.
<b>Redemption Date</b>	Any Business Day as determined by the SPC at its sole and absolute discretion.
<b>Shares</b>	Any equities or depositary receipts included into the Index and owned by the SPC at any point of time.
<b>Subscription Agreement</b>	An agreement between the SPC and the Initial Purchaser whereby the Initial Purchaser has agreed to purchase 200 000 ETNs from the SPC in exchange for Shares and/or Cash.
<b>Settlement Amount</b>	NAV which may be paid at the Management Company's sole and absolute discretion: <ul style="list-style-type: none"> <li>• for those ETN holders that hold at least the Redemption Amount, a combination of Shares and Cash in proportion to the NAV; or</li> <li>• for those ETN holders that hold less than the Redemption Amount, Cash.</li> </ul>
<b>Stock Exchange or AIX</b>	Astana International Exchange Limited.
<b>Term of the ETNs</b>	10 years from the date of issuance of the ETNs, subject to the right of an Authorised Participant or Initial Purchaser to require the SPC to redeem the ETNs, the right of the SPC to exercise its Early Termination Right or (as the case may be) the right of the SPC to extend the term of the ETNs, each as described on pages 18 to 20 of this Prospectus.
<b>Total Expense Ratio</b>	Ratio of the certain Expenses to the NAV (as further described in the sub-Section headed "Expenses" in the "General Terms of the Notes" Section on pages 13 to 14 of this Prospectus).
<b>United States or US</b>	United States of America, its territories and possessions, and any state of the United States and the District of Columbia.
<b>US Dollars, or US\$ or cents</b>	Lawful currency of the United States of America.

## PROSPECTUS SUMMARY

### INTRODUCTION AND WARNINGS

<b>Notes</b>	Qazaqstan Equity Passive SPC Limited Exchange Traded Notes due September 08, 2031 ISIN: KZX000000732.
<b>Issuer</b>	Qazaqstan Equity Passive SPC Limited, a special purpose company, registration number 210540900038, incorporated under the Acting Law of the AIFC on 06 May 2021 with registered address at Mangilik El 55, building 19, Nur-Sultan, Kazakhstan, and governed by the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017).  The contact details of the Issuer are: Mangilik El 55, building 19, Nur-Sultan, Kazakhstan, and its telephone number is +7(717) 223 53 66.  The LEI (Legal Entity Identifier) code of the SPC is 254900VI4G4LYBCYNO39.
<b>Person seeking for admission to trading on AIX</b>	Qazaqstan Equity Passive SPC Limited
<b>Stock Exchange that approved the Prospectus</b>	Astana International Exchange Limited, 55/19 Mangilik El st., block C 3.4. Nur-Sultan, Kazakhstan, telephone +7(717) 223 53 66
<b>Date of approval of the Prospectus</b>	September 08, 2021

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

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

### KEY INFORMATION ABOUT THE ISSUER

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

<b>Issuer</b>	Qazaqstan Equity Passive SPC Limited, a special purpose company, registration number 210540900038, incorporated under the Acting Law of the AIFC on 06 May 2021 with registered address at Mangilik El 55, building 19, Nur-Sultan, Kazakhstan and governed by the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017).  The contact details of the Issuer are: Mangilik El 55, building 19, Nur-Sultan, Kazakhstan, and its telephone number is +7(717) 223 53 66.
<b>Principal activities of the Issuer</b>	Issuing and maintaining ETNs, the purchase of which will enable ETN holders to participate in the performance (i.e., gains or losses) of the Shares.
<b>Auditor</b>	The independent auditors of the Issuer are Crowe Audit Astana LLP. The licence for providing Audit and Accountancy Services is issued by the Astana Financial Services Authority under number AFSA-A-LA-2019-0027.
<b>Directors</b>	AIX FM, a wholly-owned subsidiary of AIX, shall act as the sole director and secretary of the Issuer. The appointment of AIX FM, being a body corporate, as a director of the Issuer is

permitted in Rule 6.1 of the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017).

Qazaqstan Equity Passive SPC Limited is incorporated with the principal business purpose of issuing the ETNs. ETN holders will participate in the performance (i.e., gains or losses) of the Shares.

AIX FM, a private company limited by shares, incorporated the SPC and is the SPC's sole shareholder. AIX FM was incorporated by the AIFC as a private company on 2 October 2019 with an initial share capital of US\$1,500,000. There is no guarantee that the share capital of AIX FM will be used to support the activities of the SPC.

As at the date of this Prospectus, AIX is the sole shareholder of AIX FM.

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

*Assets*

As of the date of this Prospectus, the assets of the SPC are represented by cash in the amount equal to its share capital. In addition, on or about the date of this Prospectus the SPC will receive the Shares and the Cash from the Initial Purchaser in exchange for the ETNs pursuant to and in accordance with the Subscription Agreement.

Cash will be held in a bank account of the SPC with the Custodian.

*Liabilities*

As of the date of this Prospectus, the SPC has no liabilities, except expected liabilities regarding delivery of the ETNs to the Initial Purchaser under the Subscription Agreement.

*Share capital*

As of the date of this Prospectus, the share capital of the SPC is represented by one (1) share in the amount of one (1) US Dollar.

*Profit and loss statement*

As of the date of this Prospectus, the profit and loss statements of the SPC reflects no income and no expenses.

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

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

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

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

The SPC has been established on 06 May 2021 and has no proven track record of operation.

**KEY INFORMATION ON THE SECURITIES**

*What are the main features of the Securities?*

<b>The Notes</b>	Qazaqstan Equity Passive SPC Limited Exchange Traded Notes due September 08, 2031  ISIN: KZX000000732.
<b>Issue Price</b>	The value and price of the ETNs will be subject to change on a daily basis as described in more detail on pages 13 to 20 of this Prospectus.
<b>Currency and denomination of the Notes</b>	The base currency of the ETNs is Kazakhstani Tenge (KZT) and the nominal value of the ETNs shall be expressed in Kazakhstani Tenge (KZT). The nominal value of one ETN calculated as at the date of this Prospectus is equal to KZT equivalent of 10 USD. This nominal value is not a principal amount and, accordingly, does not provide the ETN holder with a right to claim this amount from the SPC. The value and price of the ETNs will be

subject to change on a daily basis, as described in more detail on pages 13 to 20 of this Prospectus.

<b>The number of Notes issued and their term</b>	Number of ETNs issued: 200 000. This amount represents the amount of the Initial Placement. The Issuer may issue additional ETNs as further described in this Prospectus.  Term of the Notes: 10 years from the date of issuance of the ETNs, subject to the right of an Authorised Participant or Initial Purchaser to require the SPC to redeem the ETNs, the right of the SPC to exercise its Early Termination Right or (as the case may be) the right of the SPC to extend the term of the ETNs, each as described on pages 18 to 20 of this Prospectus.
<b>The rights attached to the Notes</b>	Each ETN holder is eligible to receive the Settlement Amount on the Maturity Date, subject to certain conditions being satisfied, as described in more detail on page 19 of this Prospectus.
<b>Issue Date</b>	September 08, 2021
<b>Maturity Date</b>	September 08, 2031
<b>Interest Rate and Interest Payment Dates</b>	The ETNs bear floating coupon directly linked to the cash dividends received by the SPC after payment of taxes and bank commissions in relation to the Shares owned by the SPC. The SPC will pay the Coupon Amount of the Coupon Payment Date.
<b>Transferability</b>	The ETNs are freely transferable in accordance with the relevant legislation of the AIFC.
<b>Ranking of ETNs</b>	The ETNs constitute direct, unconditional and unsecured obligations of the Issuer and rank and will rank: (i) <i>pari passu</i> , without any preference among themselves; and (ii) as senior debt with preference over all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in each case, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

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

The ETNs are expected to be listed and traded on AIX, the stock exchange within the AIFC.

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

There is no guarantee attached to the Notes.

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

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

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

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

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

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

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

Even if the value of Shares at the date of your sale is greater than the value of Shares at the date of your purchase, you will receive less due to accrued Expenses. The amount of accrued Expenses will reduce the value of Shares and/or Cash, if any, you will receive at maturity, upon Redemption or upon exercise by the SPC of its Early Termination Right (as the case may be), which could result in a loss to you on your investment, even if the value of Shares at the date of your sale is greater than the value of Shares at the date of your purchase.

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

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

**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 Shares received by the SPC after payment of taxes and bank commissions. In case if there will be no dividends from Shares, then the amount of the coupon on ETNs will be zero.

**Amount of coupon paid may not be equal to the amount of dividends paid under the Shares**

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

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

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

**Tax on capital gains on Shares owned by the SPC may reduce the NAV**

The SPC may sell the Shares it owns to cover its Expenses. In circumstances where the difference between the price of sale and the initial price of the Shares is positive, and such transactions do not fall under certain tax credits or reliefs, this positive amount will be included in the aggregate annual income of the SPC according to applicable Kazakhstan tax legislation. It is not guaranteed that, at the end of the calendar year, the deductible expenses of the SPC will be higher than the aggregate annual income and there will be no corporate income tax payable. Accordingly, the SPC may be obliged to pay taxes that will decrease the NAV.

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

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

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

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

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

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

- the market prices of the Shares; volatility, earnings, financial conditions, corporate, industry and regulatory developments, and other events affecting the companies whose securities are owned by the SPC;
- the exchange rate fluctuations;
- the prevailing prices and yields for the Shares;
- the time remaining to the maturity of the ETNs;

- supply and demand for the ETNs, including to the extent such supply and demand may be affected by inventory positions held by the SPC or any market maker;
- economic, financial, political, regulatory, geographical, agricultural, judicial or other events that affect the value of the Shares, or that affect markets generally; and
- the actual and perceived creditworthiness of the SPC.

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

**The exchange rate fluctuations may affect the value of the ETNs**

The SPC may invest some of its assets in securities or cash denominated in currencies other than KZT (such as depositary receipts in foreign currencies). Any significant appreciation or depreciation of KZT against such foreign currencies and following changes in value of such assets will result in change of NAV and may affect the market price for ETNs.

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

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

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

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

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

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

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

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

**KEY INFORMATION ON THE ADMISSION TO TRADING**

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

Application will be made for the listing of the ETNs on AIX. The ETNs are expected to be admitted to trading on AIX on September 20, 2021.

**Why is this Prospectus being produced?**

**This Prospectus has been produced for the ETNs to be admitted to the official list of AIX.**

**Conflicts of Interest**

*Disclosures on affiliated companies within AIX group.*

AIX FM is a wholly-owned subsidiary of AIX and acts as a Management company of SPC and enters into all necessary agreements in this Prospectus on behalf of SPC. Whereas, AIX CSD, AIX Registrar and AIX MLS are wholly-owned subsidiaries of AIX and may from time to time act as administrator, registrar, transfer-agent, representative or otherwise as may be required from time to time in relation to this Prospectus, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of SPC. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the SPC. Each of these companies will, at all times, have regard in such event to its obligations to the SPC and will 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 deemed to be affected with notice of or to be under any duty to disclose to the SPC any fact or thing which comes to the notice of companies in the course of it rendering similar services to others or in the course of its business in any other capacity or in any manner whatsoever otherwise than in the course of carrying out its duties under contracts or otherwise.

Conflicts of interest may also arise due to the widespread business operations of companies and their Connected Persons (CEO, CFO, Directors). The foregoing parties may effect transactions where those conflicts arise and shall not, subject to the terms of contracts be liable to account for any profit, commission or other remuneration arising. However, all transactions carried out by or on behalf of SPC will be on arm's length terms.

In the event that any conflicts of interest arises, 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. Each company has measures in place to minimize potential conflicts of interest.

#### **Use of Proceeds**

The net proceeds of the issue of the Notes will be used by the Issuer mainly for investments in the Shares.

#### **Estimated Expenses**

The SPC will pay the following expenses:

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

The above expenses of the SPC are deducted from, and reflected in the value of, the SPC and, accordingly, the NAV.

The effect of the SPC paying Expenses is to reduce the NAV.

## GENERAL TERMS OF THE NOTES

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

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

The ETNs are unsecured senior debt obligations of Qazaqstan Equity Passive SPC Limited, a special purpose company governed by the AIFC Special Purpose Company Rules (AIFC Rules No. GR0001 of 2017) and incorporated in the AIFC (the “SPC”). The assets of the SPC are a combination of Shares and Cash. The Cash will be held in a bank account of the SPC with the Custodian.

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

Accordingly, any changes in the value of Shares and Cash will be reflected in the respective changes in the NAV, which may (or may not) lead to the changes in the market price of ETNs.

### Net Asset Value

The NAV is equal to:

the value of Shares owned by the SPC  
*plus*  
Cash  
*plus*  
accrued but not received dividends  
*plus*  
other assets of the SPC  
*less*  
accrued but unpaid Expenses  
*less*  
accrued but not paid Coupon Amount  
*less*  
other liabilities of the SPC (excluding ETNs issued).

The value of Shares is calculated using the closing prices of Shares on the preceding Business Day on stock exchanges or from other sources considered by the SPC as reliable.

The NAV is expressed in KZT and values of Shares and/or Cash and/or other items denominated in other currencies are converted in KZT using the prevailing exchange rates.

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

The NAV is calculated on each Business Day and published on the website of the Stock Exchange at [www.aix.kz](http://www.aix.kz) no later than 11 a.m. Nur-Sultan (formerly Astana) time on that Business Day.

The NAV is rounded down to the nearest cent.

The interim NAV may be calculated and/or published by the SPC or AIX FM.

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

### Expenses

The SPC shall pay the following expenses:

- operational fees;
- investment management fee;
- 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 reduction of the NAV.

### ***Operational fees***

Operational fees include all costs, charges, fees and expenses incurred in the operation of the SPC, including transactional costs (excluding transaction costs of buying and selling securities), banking costs, custody fees, the costs and expenses of obtaining and maintaining authorisations or registrations with regulatory authorities, professional fees, expenses for auditing and other operational fees. Operational fees of the SPC do not include taxes, brokerage commissions, interest expenses incurred as part investment management activities and extraordinary nonrecurring expenses that may arise, including without limitation the cost of any litigation to which the SPC may be a party.

### ***Investment management fee***

In accordance with the Investment Management Agreement, the SPC shall pay a fee to the Investment Manager for its services.

### ***Management fee***

In accordance with the Management Agreement, the SPC shall pay a fee to the Management Company for the Management Company's services.

### ***Other expenses***

In addition to the expenses indicated above, the SPC shall pay transaction costs of buying and selling securities, interest expenses incurred as part investment management activities and, in exceptional circumstances, costs that relate to the ETNs that arise outside the ordinary course of business such as taxes, litigation expenses and any other extraordinary expenses.

### ***Total Expense Ratio***

The sum of Operational fees, Investment management fee and Management fee ("**Total Expenses**") shall not exceed 0.75 percent of NAV per annum (being the Total Expense Ratio). In order to keep Total Expenses at a level or below Total Expenses Ratio, 0.75% per annum will be accrued on a daily basis to the NAV and paid on a monthly basis to the Management Company. The Management Company will use this amount received from the SPC on a monthly basis to pay all Operational fees and Investment management fee. If the sum of Operational fees and Investment management fee is less than 0.75 percent of NAV per annum, the positive difference from Total Expense Ratio is paid to the Management Company as the Management fee. If the sum of Operational fees and Investment management fee exceeds 0.75 percent per annum, the Management Company will assume invoices on behalf of the SPC for such excess expenses.

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

### ***Assets of the SPC***

The SPC is planning to hold the following assets only:

- Shares; and
- Cash.

#### ***Shares***

The SPC is planning to invest only in securities included into the Index. Such securities include shares and depositary receipts of Kazakhstani companies, listed and traded in Kazakhstan or abroad.

### ***Certain investment limitations***

In accordance with the Investment Management Agreement, the Investment Manager shall comply with the following limitations:

#### ***Single issuer limit.***

The total investment in securities issued by one entity shall not exceed 25% of the NAV. The single issuer limit does not apply to the instruments of the Ministry of Finance of the Republic of Kazakhstan, the US Treasury, Custodian, as well as repo transactions.

It is allowed to exceed the established limits for a period no more than 15 Business days. During this period, the Investment Manager is obliged to rebalance the investment portfolio and eliminate overlimits.

If the value of any security at any point of time (due to price increase or any other reason) exceeds maximum exposure limit of 25% of the NAV for securities included into the index Investment manager is obliged to take necessary actions to rebalance the investment portfolio and eliminate breach of limit within 10 business days.

#### *Derivatives.*

Investments shall not include derivatives or any other instrument with underlying derivatives exposure.

#### *Cash*

Cash will be held in US Dollars and/or Kazakhstani tenge and/or other currencies in a bank account of the SPC with the Custodian.

Such Cash may include dividends received by the SPC from the Shares it owns.

The SPC has a right to invest Cash (including dividends received) in various financial instruments, including but not limited to deposits with banks, short-term investments and other short-term instruments and assets, including Reverse REPO with governmental securities. Maximum exposure to Reverse REPO instruments is up to 10% of the assets of the SPC.

#### *Powers of the Investment Manager*

For the flexible and swift rebalancing of the portfolio of the SPC and in accordance with the Custody Agreement and Investment Management Agreement, the Investment Manager is authorized to buy or sell Shares on behalf of and for account of the SPC. This effectively means that the Investment Manager may sell or purchase Shares, using accounts and funds of the SPC with the Custodian on a daily basis.

#### *Target asset allocation*

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

<b>Asset Class</b>	<b>Intended Target</b>	<b>Range</b>
Shares	99%	90% - 100%
Cash and other instruments	1%	0% - 10%

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

Subsidiary Bank Sberbank of Russia Joint Stock Company in Kazakhstan, a legal entity incorporated under the laws of the Republic of Kazakhstan has agreed to act 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.

In accordance with the terms of the Custody Agreement, the Custodian will be liable for the safekeeping of the Shares and Cash owned by the SPC and held in the SPC's accounts with the Custodian.

Shares and Cash held in the accounts of the SPC with the Custodian cannot be used in the interests of the Custodian and/or its affiliates and are not subject to any claims by the creditors of the Custodian.

The SPC has the right at its sole and absolute discretion to appoint another custodian approved by the Investment Manager to replace the Custodian and to transfer all the Shares and/or Cash to such new custodian with immediate notification to the ETN Holders.

Despite the fact that the assets of the SPC will be kept with the Custodian, during the ordinary course of business the SPC may temporarily have some of its assets with other institutions (such as brokers, banks, etc).

#### **Borrowing**

The SPC does not intend to borrow money. However, the SPC may borrow money as part of investment management activities. It is anticipated that, under normal market conditions, any borrowing (including REPO) by the SPC in aggregate will not exceed 20 (twenty) percent of the NAV.

#### **Lending**

The SPC may lend Shares it owns to the third parties at its sole and absolute discretion. Such third parties will be carefully selected by taking into account their credibility, collateral received and other factors. The maximum amount of Shares

lent to any third parties in aggregate at any point of time shall not exceed 25 percent of total number of shares held in the portfolio in any single Share.

Shares lent will be used for the calculation of NAV as assets of the SPC; any collateral received will not be used in the calculation of NAV. Any proceeds from such lending will be added to the Cash of the SPC and increase the NAV (less taxes, if any).

### **Corporate actions relating to the Shares**

With respect to any corporate action directly affecting the Shares, the Investment Manager acts on behalf of the SPC in the best interests of ETN Holders pursuant to and in accordance with the Investment Management Agreement.

### **Coupon payment and dividends and distributions received from the Shares**

The net cash dividends 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.

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

The SPC owning the Shares is eligible to receive dividends and other distributions from respective issuers. All such dividends received by the SPC will be kept on the account of the SPC and reflected in the SPC's NAV till the next Coupon Payment Date. Such dividends or other distributions may be reinvested by the Investment Manager until the next Coupon Payment Date and then distributed to the ETN Holders on such Coupon Payment Date.

In case if the SPC will receive cash dividends in currency other than KZT, the SPC has a right to take any reasonable actions to convert at the prevailing exchange rates all and any cash dividends in KZT and distribute to the ETN Holders on the next Coupon Payment Date.

In case if the SPC will receive additional Shares (in the process of share split or otherwise), the SPC will keep such additional Shares to the extent that assets of the SPC complies to the Index. Any other distribution received from the Shares will be sold and distributed to the ETN Holders on the next Coupon Payment Date.

#### *Coupon payment*

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

The SPC will pay the Coupon Amount on the Coupon Payment Date; it is expected that eligible ETN Holders will receive dividends shortly thereafter.

The Coupon Amount is calculated as follows:

*Coupon amount = Total amount of net dividends received by the SPC divided by the number of ETNs outstanding as of the Coupon Record Date.*

The total amount of net dividends includes all dividends received and/or converted in KZT from the previous Coupon Record Date to the current Coupon Record Date.

The Coupon Amount may differ from the amount of dividends declared by the respective issuers of Shares because of deduction of foreign or local withholding or other taxes, transactional, banking or other costs.

In case if the SPC receives 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 Coupon Record Date being the Maturity Date and the Coupon Payment Date being third Business Day after the date of receipt of such dividends or distributions).

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

Application has been made to list the ETNs on the official list of AIX and for admission to trade the ETNs on AIX.

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

The SPC will publish the following information on a daily basis (not later than 11 a.m. Nur-Sultan (formerly Astana) time) (as of the previous Business Day) on the Stock Exchange's website at [www.aix.kz](http://www.aix.kz):

- the NAV; and
- the value of Cash and Shares.

**Notification to ETN holders**

All notifications to holders of ETNs as well as publication of an annual report and other information concerning the SPC will be carried out via notifications on the website of the Stock Exchange at [www.aix.kz](http://www.aix.kz). The SPC can change the notification method with 30 Business Days' prior notice to ETN holders, such notification to be published on the website of the Stock Exchange at [www.aix.kz](http://www.aix.kz).

**Inquiries of ETN holders**

All inquiries and requests of ETN holders (except notification of the Settlement Amount) shall be sent to the registered address of the SPC as follows: Mangilik El 55, building 19, Nur-Sultan, Kazakhstan, to the attention of Fund Operation.

**Base of calculation**

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

**Changes to this Prospectus**

With the prior written consent of the Investment Manager, the SPC may amend or change this Prospectus at any time in its sole and absolute discretion by the issuance of a supplementary prospectus that will be published on the website of the Stock Exchange at [www.aix.kz](http://www.aix.kz).

**Financial information about the SPC**

The SPC was established on 06 May 2021 and has not yet conducted any financial or other business activity other than entering into the arrangements specified in this Prospectus. Further financial information is provided in the Section headed "Issuer/SPC" below at page 27 of this Prospectus.

## ISSUANCES, TRADING AND REDEMPTIONS OF ETNS

### Placement of ETNs

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

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

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

Under the Subscription Agreement the Initial Purchaser will purchase ETNs in exchange for Shares and Cash in such proportion as determined by the Management Company.

Expected amount of the Initial Placement – 200 000 ETNs. Expected size of the Initial Placement is 2,000,000 (two million) USD. This amount may be subject to change based on negotiations with the Initial Purchaser and prevailing market conditions.

The Initial Purchaser is expected to receive the ETNs pursuant to and in accordance with the Subscription Agreement on or around September 09, 2021.

#### *On-Going Placements*

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

The SPC has a right to require an Authorised Participant to pay for the Creation Amount in Cash only.

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

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

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

- the Authorised Participant provided an irrevocable placement notice (a “**Placement Notice**”) no later than 2 p.m. of any Business Day;
- the SPC received Shares and/or Cash in the quantities specified in the Placement Notice no later than 2 p.m. of the Placement Date;
- any fraction of Shares that are due by the Authorised Participant shall be paid in Cash at the closing price of the Shares on the Business Day preceding the date of the Placement Notice; and
- the SPC has signed an Authorised Participant Agreement with the Authorised Participant.

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

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

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

The material terms of the Authorised Participant Agreement with Astana International Exchange Market Liquidity Services Limited includes the procedures regarding On-Going Placement and Redemption described on this page above. The material terms of the Authorised Participant Agreement with other new Authorised Participants in future are expected to be based on the procedures regarding On-Going Placement and Redemption described on pages 18 to 20 of this Prospectus.

### Trading in ETNs

Investors may sell or buy ETNs on Stock Exchange or in over-the-counter transactions with other investors, including the Initial Purchaser or Authorised Participants. Over-the-counter Transactions with the Notes held with AIX Registrar and Trading of the Notes on AIX and Their Settlement in AIX CSD are described on page 40 of the Prospectus.

### *Market Making*

To increase the volume of trading and liquidity in trading, AIX may appoint a market maker, which will provide daily bid and ask quotes. Such activity will be performed in accordance with a market maker agreement signed between the market maker and AIX.

As of the date of this Prospectus, it is expected that the Investment Manager will be appointed as a market maker.

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

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

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

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

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

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

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

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

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

### **Redemption**

An Authorised Participant or (as the case may be) the Initial Purchaser may submit an irrevocable request in accordance with and pursuant to the Authorised Participant Agreement or (in the case of the Initial Purchaser) the Subscription Agreement (each a “**Redemption Notice**”) requiring the SPC to redeem the ETNs provided that any such Redemption Notice is in an amount not less than the Redemption Amount. Such Redemption Notice shall be submitted to the SPC not later than 2 p.m. on any Business Day.

Once the Redemption Notice has been confirmed, such Authorised Participant or (as the case may be) Initial Purchaser shall transfer ETNs to the SPC (in the amount specified in the Redemption Notice) and ensure that the SPC receives such ETNs not later than 2 p.m. on the Redemption Date.

Each Redemption Notice shall contain bank and securities accounts details.

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

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

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

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

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

The SPC may at any time with the prior written consent of the Investment Manager extend the maturity of the ETNs with prior written notification to the ETN Holders by means of notification on the website of the Stock Exchange at [www.aix.kz](http://www.aix.kz).

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

#### **Early Termination Right**

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

At the same time, in case if the SPC will use its Early Termination Right and redeem ETNs during the Minimum term, then the Management Company shall pay a compensation fee to the Investment Manager in amount and manner pursuant to and in accordance with the Investment Management Agreement.

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

## THE INDEX

The SPC is a special purpose company incorporated as an investment vehicle that employs a passive investment approach designed to track the performance of the Index, comprising of the stocks of large and medium Kazakhstani companies. Such tracking of the performance of the Index is achieved through physical replication of the Index by investing all, or substantially all, of its assets in the Shares that make up the Index, holding each Share in approximately the same proportion as its weighting in the Index.

### *The Index*

The Index is a group of securities that satisfy specified market capitalization and other eligibility requirements and whose overall performance is intended to be used as a standard to measure the investment performance of Kazakhstani equity market.

The Index includes only equity and/or depositary receipts on securities of Kazakhstani companies traded on the Astana International Exchange, Kazakhstan Stock Exchange, and London Stock Exchange. For the purpose of the Index, Kazakhstani companies include those companies that either registered in Kazakhstan or whose main business income or production is generated in Kazakhstan.

### *Publication and calculation of the Index*

The Index is calculated on a daily basis and published on the website of Stock Exchange on every Business Day not later than 11-00 a.m. Nur-Sultan time.

Information in respect of the constituent securities of the Index, their respective weightings and the Index's factsheet may be obtained from the Index website at [www.aix.kz](http://www.aix.kz).

AIX ensures the accuracy of this information to the best of its endeavours. However, AIX does not guarantee the accuracy and accepts no liability (whether in tort or contract or otherwise) for any damage or loss arising from inaccuracies or omissions.

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The Index is not owned, sponsored, endorsed or promoted by AIX and AIX is not makes any representation regarding the advisability of investing in products that are based on such Index or otherwise relying on such Index for any purpose and neither SPC nor AIX shall have any liability for any errors or omissions in the Index or any values thereof.

### *Current composition of the Index (as of July 1<sup>st</sup>, 2021)*

As of July 1<sup>st</sup>, 2021, the Index comprise of equities of following issuers:

1.	Kazatomprom JSC (KAP)	15,00%
2.	Polymetal International PLC (POLY)	15,00%
3.	Halyk Savings Bank of Kazakhstan JSC (HSBK)	15,00%
4.	Kaspi.kz JSC (KSPI)	15,00%
5.	Central Asia Metals PLC (CAML)	13,39%
6.	Kaztransoil JSC (KZTO)	12,19%

7.	Kazakhtelecom JSC (KTC)	11,89%
8.	Bank CenterCredit JSC (CCBN)	2,53%

#### *Index replication mechanics*

The SPC and the Investment Manager intend to replicate the Index by investing all, or substantially all, of its assets in the Shares that make up the Index, holding each Share in approximately the same proportion as its weighting in the Index. Such Shares will be owned by the SPC and held on account of the SPC with the Custodian.

#### *Rebalancing of the assets of the SPC*

Because the Index is a weight- and price-oriented Index, there might be situations when at some point in time, due to the change in the price of any single Share, the assets of the SPC may not fully track the Index. In such situations, the Investment Manager, acting on behalf of the SPC will sell or buy Shares to rebalance portfolio. Such actions on rebalancing the assets of the SPC will be carried out on a quarterly basis via off-exchange operations with the Initial Purchaser or selling and purchasing Shares on stock exchanges.

Besides, in case if between the rebalancing dates, the weight of any single Share exceeds 25% of NAV, the Investment Manager shall rebalance the portfolio of Shares by selling or purchasing Shares.

#### *Index methodology*

The Index is a rules-based, float-adjusted market capitalization-weighted equity index that has the objective of measuring the performance of the Kazakhstani companies as ranked by market capitalization. The Index is a price index, which is not adjusted for paid dividends and is not protected from dilution effect resulting from dividends pay-outs.

#### *Single security limitations*

According to the Index methodology, the maximum weight of any equity security, issued by one legal entity (common shares or depositary receipts) is set at 15% of the Index.

#### *Index review*

In accordance with the Investment Management Agreement, the Investment Manager is responsible for:

- on a quarterly basis, review the Index constituents and their weight within the Index;
- on a yearly basis, review the Index methodology.

Based on these reviews, the Investment Manager shall propose to the Management Company changes to the the Index constituents, their weight within the Index and Index methodology.

The Management Company, acting reasonably and in the best interests of ETN Holders, may, in consultations with the Investment Manager, approve the changes proposed and notify the ETN Holders via respective disclosure on the website of AIX about changes adopted.

#### *Ownership of the Index and free license to the Investment Manager*

The Index and its methodology are developed by the Investment Manager and currently owned by the Management Company pursuant to the provisions of the Index and Methodology Development Agreement. The mark and name AIX Qazaq Index is proprietary to AIX FM. AIX FM, SPC have agreed to the use of, and reference to, the Index by the Investment Manager and its' respective duly appointed agents in connection with ETN, but neither AIX FM nor SPC warrants or represents or guarantees to any broker or investor or any other person dealing with ETN or any other person (i) the accuracy or completeness of the Index and its computation or any information related thereto; or (ii) the fitness or suitability for any purpose of the Index or any component or data comprised in it; or (iii) the results which may be obtained by any person from the use of the Index or any component or data comprised in it for any purpose, and no warranty or representation or guarantee of any kind whatsoever relating to the Index is given or may be implied. The process and basis of computation and compilation of the Index and any of the related formula or constituent companies and factors may at any time be changed or altered by AIX FM without notice. To the extent permitted by applicable law, no responsibility or liability is accepted by AIX FM and/or SPC (i) in respect of the use of and/or reference to the Index by any of the Investment Manager or its respective duly appointed agents in connection with ETN; or (ii) for any inaccuracies, omissions, mistakes or errors in the computation of the Index; or (iii) for any inaccuracies, omissions, mistakes, errors or incompleteness of any information used in connection with the computation of the Index which is supplied by any other person; or (iv) for any economic or other loss which may be directly or indirectly sustained by any broker or investor in

ETN or any other person dealing with ETN as a result of any of the aforesaid, and no claims, actions or legal proceedings may be brought against AIX FM and/or SPC in connection with ETN in any manner whatsoever by any broker or investor in ETN or any other person dealing with ETN. Any broker, investor in ETN or other person dealing with ETN does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on AIX FM and/or SPC.

For the avoidance of doubt, this disclaimer does not create any contractual or quasi contractual relationship between any broker, investor in ETN or other person and AIX FM and/or SPC and must not be construed to have created such relationship.

In accordance with the terms of the Index and Methodology Development Agreement, concluded between the Investment Manager and the Management Company, the Investment Manager shall develop the Index and its methodology.

Certain conditions of the Investment Management Agreement stipulate that the Investment Manager has a right to use the Index free of charge during the Minimum Term. Besides, in case if the SPC will use its Early Termination Right and redeem ETNs before the end of the Minimum Term, then the Management Company shall transfer ownership rights over the Index to the Investment Manager free of charge.

## THE INVESTMENT MANAGER

### The Investment Manager

The Investment Manager was established according to the decision of the Board of Directors of JSC Halyk Bank of Kazakhstan, the sole founder of the Investment Manager. JSC Halyk Bank of Kazakhstan and its subsidiaries are ultimately controlled by Timur Kulibayev and his wife Dinara Kulibayeva. The Investment Manager is a legal entity registered in the Republic of Kazakhstan on 10 November 2004. The Investment Manager's registered legal address is Abay st. 109B, Floor 5, Almaty, the Republic of Kazakhstan.

The Investment Manager is regulated by the Agency for regulation and development of the financial market of the Republic of Kazakhstan. Primary licenses were received for brokerage and dealing activities on capital markets with the right of book keeping as the nominee holder on 27 December 2004 and for investment portfolio management on 26 March 2005.

The above licenses have been replaced as a result of re-registration of the Investment Manager. As a result of re-registration a single license No. 4.2.92/28 for brokerage and dealing activities on capital markets with the right of book keeping as the nominee holder and investment portfolio managements was issued by Agency for regulation and development of the financial market of the Republic of Kazakhstan on 26 December 2008.

Later, the Investment Manager reissued the license in order to clarify the investment portfolio management activities with the subtype "without the right to attract voluntary pension contributions". The National Bank of the Republic of Kazakhstan issued license No. 4.2.92/28 dated 24 June 2014.

In November 2016, due to a change in the Investment Manager's legal address, to execute the requirements of point 10 of the Rules for issuing, suspending and revoking licenses to perform professional activities on the securities market, approved by Resolution of the Board of the National Bank No. 25 dated 26 February 2014, the license to perform professional activities on the securities market was reregistered by the National Bank and issued to the Investment Manager dated 4 November 2017 as № 3.2.229/7.

With the approval of the Management Board of JSC Halyk Bank of Kazakhstan (Meeting No.17 dated April 9, 2018), in order to become participant of Astana International Financial Centre (AIFC) and in compliance with the decree of the President of the Republic of Kazakhstan No.633 of February 9, 2018 "On Measures of conveying the President's message to the general public of Kazakhstan dated January 10, 2018 regarding "New Development Opportunities in the Forth Industrial Revolution", it was decided to establish Halyk Finance Astana as the Investment Manager's branch office located in the Block "B" on the 8 Kunaev str. In Astana. On June 29, 2018, in compliance with AIFC legal and regulatory framework, the Investment Manager was registered as a recognized company.

On 7 November 2018, the Investment Manager was licensed (No. 112018-008) to carry out the following activities:

- Performing investment transactions as a principal;
- Performing investment transactions as an agent;
- Investment management;
- Consulting on investing activities;
- Setting up investment deals.

On 4 March 2019, the license was supplemented by another type of activity:

- Management of collective investment schemes.

The aforementioned licenses for the corresponding types of activities at the AIFC are comparable to those issued by the National Bank of Kazakhstan to the Investment Manager itself.

### *Principle activities*

The principal activities of the Investment Manager are operations on the professional securities market, investment and corporate finance advisory services, including brokerage and dealing, distribution and underwriting of securities, securities trading as an agent in the Investment Manager's own right and rendering of asset management services.

### *Management board*

**Farkhad Okhonov** is holding the position of the Chairman of the Management Board of Halyk Finance JSC since March 20, 2021. Previously, Farhad held a position of Deputy Chairman of the Management Board since July 2018. Before that, he was a Director of the Financial Consulting and Underwriting Department at Halyk Finance JSC. He has 5-year experience work experience in Halyk Bank's International Department where he was engaged in fund-raising activities, including the Halyk Bank's IPO. Mr. Okhonov holds a Master's degree in Finance, MSF (2010) from the George Washington University (Washington, D.C., USA) and a Bachelor's degree in Public Administration from the Eurasian National University (2002). Farhad is a holder of international ICMA Primary Market Certificate (PMC) from the International Capital Market Association.

**Roman Assilbekov**, CFA, was appointed as the Deputy Chairman of the Management Board on March 20, 2021. Previously, during his career in Halyk Finance JSC, he held a position of the Director of the Treasury Department (since April 2016), Head of the Investment Management unit of the Treasury Department (since December 2010), Head of the Debt Instruments Analysis unit in the Research Department. Prior to joining Halyk Finance he worked in a number of different positions in several commercial banks. He graduated from North Dakota State University (USA) in 2008 with a Master of Business Administration degree. Roman is CFA® charterholder since 2010.

**Madina Ayukhanova** has more than 25 years of experience in finance. She was appointed as the Deputy Chairman of the Management Board on March 20, 2021. Madina joined Halyk Finance team in position of CFO. At different times she worked as Deputy CEO of Amanat Insurance company JSC, CFO of First Credit Bureau LLP, Deputy CEO – CFO of Bank Pozitiv Kazakhstan JSC, chief accountant – director of Accounting and Reporting Department of Kazkommerts Invest JSC. Shae graduated from Kazakh State Academy of Management (1999) and has Master of Arts degree in Economics from Almaty Technology University (2006).

### **Major details of the Investment Management Agreement**

The Investment Management Agreement concluded between the SPC and the Investment Manager on August 31, 2021. According to the terms of the Investment Management Agreement, the Investment Manager is responsible for the determination of the investment strategy of the SPC and approval of the Prospectus.

Other responsibilities of the Investment Manager stipulated by the Investment Management Agreement include periodically rebalancing the assets of the SPC (in the form of Shares) to minimise tracking error versus the Index.

#### *Powers of the Investment Manager*

In accordance with the Investment Management Agreement, the Investment Manager have a right to act on behalf of the SPC in transactions with third parties, including but not limited to in respect of shares sales or purchases. Such right is limited to the transactions only with third parties, i.e. the Investment Manager cannot act as a counter-party in such transactions and/or sell Shares to itself or buy Shares owned by it unless such transactions are effected on a stock exchange. All such transactions shall be conducted on the fair market prices and conditions and arm's-length terms. The Investment Management Agreement permits the Investment Manager to manage investments on discretionary basis excluding a power to create or redeem ETN. The Investment Manager intends to provide investment management services in a manner designed to avoid prohibited transactions under ERISA and the US Internal Revenue Code.

#### *Investment Management Fee*

The Investment Manager will be entitled to receive the investment management fee in amount according to the Investment Management Agreement.

This Investment Management Fee will be paid by the Management Company out of funds received from the SPC on monthly basis.

#### *Termination of the Investment Management Agreement and substitution of the Investment Manager.*

The Investment Management Agreement may be terminated unilaterally by the Investment Manager with a 90-day prior notice to the Managing Company.

The Managing Company has no rights to terminate the Investment Management Agreement unilaterally during the Minimum Term, provided that there is no material violation by the Investment Manager of the Investment Management Agreement. After the expiration of the Minimum Term, the Managing Company may terminate the Investment Management Agreement unilaterally with a 90-day prior notice to the Investment Management, subject to compliance

with certain conditions, described in the Investment Management Agreement (including those based on the growth or decrease of NAV of the SPC and/or overall performance of the SPC).

Upon the termination of the Investment Management Agreement for any reason, the Management Company shall use its best efforts to find another Investment Manager with appropriate skills and experience. In case if during one month from the termination of previous Investment Management Agreement, the Management Company fails to conclude new Investment Management Agreement with another Investment Manager, then, the Management Company, acting in the best interests of ETN Holders, shall:

- assume the responsibilities of the Investment Manager itself amending the Prospectus by issuance of the supplemental prospectus;
- or
- use its Early Termination Right and redeem all ETNs outstanding.

*Compensation in case of use of Early Termination Right*

In case the SPC will use its Early Termination Right during the Minimum Term provided that the Investment Manager fully complied with its obligations under the agreements with the Management Company and/or the SPC, then the Management Company shall pay a compensation fee to the Investment Manager.

## THE ISSUER/SPC

Qazaqstan Equity Passive SPC Limited, a special purpose company incorporated under the laws of the AIFC on 06 May 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 254900VI4G4LYBCYNO39. The SPC passed the necessary resolutions by virtue of which the ETNs have been created.

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

### **Main business purpose**

Qazaqstan Equity Passive 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**

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

The Registrar of Companies of the AIFC has issued a certificate of incorporation with respect to the SPC on 06 May 2021.

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

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

- (a) the issuance of exchange traded notes and conduct of any other transactions involving exchange traded notes;
- (b) the acquisition (by way of leasing, title transfer, risk transfer or otherwise), the holding and the disposal of any asset (tangible or intangible, including, for example, resevables 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).

### **Directors**

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

AIX FM and its directors are described in the Section below headed “Management Company” on pages 29 to 31 of this Prospectus.

### **Financial position**

*Assets*

As at the date of this Prospectus, the assets of the SPC are represented by cash in the amount equal to its share capital. In addition, on or about the date of this Prospectus the SPC will receive the Shares and the Cash from the Initial Purchaser in exchange for the ETNs pursuant to and in accordance with the Subscription Agreement. Cash will be held in a bank account of the SPC with the Custodian.

#### *Liabilities*

As at the date of this Prospectus, the SPC has no liabilities, except expected liabilities regarding delivery of the ETNs to the Initial Purchaser under the Subscription Agreement.

#### *Share capital*

As at the date of this Prospectus, the share capital of the SPC is represented by one (1) share in the amount of one (1) US Dollar.

#### *Profit and loss statement*

As at the date of this Prospectus, the profit and loss statements of the SPC reflects no income and no expenses.

#### *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 Shares only. Accordingly, the prospects of the SPC are fully dependent on the market demand for its ETNs and the performance of the Shares.

#### **Auditor**

The SPC has appointed Crowe Audit Astana LLP as its Auditor. In accordance with Agreement No. 2021-8 to conduct an audit, Crowe Audit Astana LLP will perform the function of external auditor of the SPC for 2021 financial year. The audited financial statements prepared in accordance with IFRS will be published on the website of the Stock Exchange at [www.aix.kz](http://www.aix.kz) each year not later than the end of May.

#### **Management Company**

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

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

#### *Details of the Management Agreement*

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

- administer and supervise all the finances of the business, including payroll, taxes, accounting, bookkeeping, record keeping, managing or accounts payable, and accounts receivable, accounting and management of dividends received, calculation and distribution of coupons payable, banking, operations with securities issued or owned by the SPC, financial records and reporting functions as they pertain to the business of the SPC. The Management Company shall prepare and maintain the accounting records of the business according to IFRS principles and shall provide the SPC with monthly financial reports including but not limited to cash flow statements, income statements, balance sheets and other reports and information as may be requested by the SPC from time to time;
- supervise and control the purchase of all materials and supplies, and acquire, lease, dispose of and repair equipment and facilities necessary to provide safe and adequate service to the business of the SPC;
- manage all costs and all pricing on a customer-by-customer basis, estimate all costs on new contracts, bid on and enter into new contracts, and control all costs for contracts in progress;
- provide legal services, including commence, defend and control all legal actions, arbitrations, investigations and proceedings that arise due to events occurring in connection with the business of the SPC during the term of the Management Agreement;
- provide IT services, including maintenance of IT systems, disaster recovery, data backup, creation of websites and its further maintenance;
- provide the SPC with office or storage space sufficient to maintain the SPC's files, including utilities and telecomms;
- review operational procedures, internal audit inspections, compliance;
- publish the NAV (and related components) on a daily basis;

- develop the marketing strategy of the SPC and prepare appropriate marketing and promotional materials;
- review all sales and marketing materials for compliance with applicable laws and conditions of any applicable order, and file such materials with the financial services authority when necessary or appropriate;
- manage bank accounts of the SPC, including making/receiving any payments from such bank accounts;
- to exclusively receive and process all orders for purchases of the Creation Amount of ETNs issued by the SPC from the Initial Purchaser and/or Authorised Participant;
- to exclusively receive and process all orders for disposal of Redemption Amounts of ETNs issued by the SPC from the Initial Purchaser and/or Authorised Participant; and
- provide any other services necessary for the functioning of the SPC.

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

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

In exchange for the services to be provided by the Management Company and 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 fee is calculated as a positive difference between the Total Expense Ratio and sum of Operational fees and Investment management fee. The management fee is accrued daily and paid monthly.

In return for the Management Fee, the Management Company shall pay expenses of the SPC as described in this Prospectus on page 13.

#### *The Management Company*

AIX FM, a private company limited by shares, incorporated the SPC. AIX FM is the SPC's sole shareholder. AIX FM was incorporated by the AIFC as a private company on 2 October 2019 with an initial share capital of US\$1,500,000. There is no guarantee that the share capital of AIX FM will be used to support the activities of the SPC. As at the date of this Prospectus, AIX, is the sole shareholder of AIX FM.

#### *Sole shareholder of the Management Company*

AIX is the sole shareholder of AIX FM. The following entities are the shareholders of AIX: Astana International Financial Centre Authority JSC (68.43%), Shanghai Stock Exchange (21.18%), Nasdaq Technology AB (2.71%), China-Kazakhstan Production Capacity Cooperation Fund Co., Ltd. (4.22%) and Goldman Sachs International (3.46%).

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

As at the date of this Prospectus, the SPC has signed or is about to sign the following agreements with AIX FM and other affiliated entities:

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

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

AIX FM must have at least one Director. Mr. Zharas Mussabekov as a sole director of AIX FM was appointed by a resolution of the sole shareholder of AIX FM dated May 05, 2021.

The business address of the director of AIX FM is: 55/19 Mangilik El st., block C 3.4. Nur-Sultan, Kazakhstan.

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

their director.

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

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

### **Ultimate Holding Company**

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

The board of directors of AIX comprises:

Timothy Bennett – Chairman of the Board;

Nurlan Kussainov – Director;

Hao Fu – Director;

Janet Heckman– Independent Director;

Martin Joseph (Chip) Dempsey – Independent Director;

Jonathan S. Easton – Independent Director; and

Renat Bekturov – CEO of AIX

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

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

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

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

**Martin Joseph (Chip) Dempsey** is currently working as a Board Director and Consultant (current Directorship include AIX and Weild & Co. (compliance platform for independent investment bankers)). Previously he was the Chief Commercial Officer at the OCC (Options Clearing Corporation), and an Executive Director with Morgan Stanley's Principal Strategic Investments group, investing globally on behalf of the firm in fintech and market structure ventures. Mr. Dempsey received a Bachelor of Arts in Philosophy and Economics from Boston College.

**Jonathan S. Easton** is an international finance executive and asset management CEO. He previously served as an Advisor to the CEO of the AIFC, has founded asset management companies, advised startups, and worked as a senior portfolio manager for major institutions including AMP Asset Management (now Janus Henderson Investors) and Schrodgers. Jonathan holds a BS (Honors) in Mathematics and Statistics, a Master's in Financial Engineering from the University of California, Berkeley, and a Master's in Management from Stanford University Graduate School of Business. He is Ph.D.(c) at EDHEC Business School/EDHEC Risk Institute, a member of the Faculty and Institute of Actuaries and the California Society of CPAs, a Certified Alternative Investment Analyst, and a qualified associate of the CFA Society of the UK.

**Renat Bekturov** is an ex-CFO of AIX. Previously held a position of the Head of Asset management development department of AIFC Authority. He has over 10 years of experience in financial services industry. Prior to joining AIFCA he was head of Treasury at the National Investment Corporation of the National Bank of Kazakhstan. Mr. Bekturov also worked at the Development Bank of Kazakhstan and was involved in number of the landmark debt capital market transactions, such as first Sukuk issue in CIS region. Renat is a member of the Presidential Youth Personnel Reserve. Renat holds MSc degree in Banking and Finance with Distinction from University of Leicester and is a CFA Charter holder.

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

## RISK FACTORS

Your investment in the ETNs will involve risks. The ETNs are not secured debt and are riskier than ordinary unsecured debt securities. As described in more detail below, the trading price of the ETNs may vary considerably before the Maturity Date due to, among other things, fluctuations in the markets on which the Shares are traded and other events that are difficult to predict and beyond control of the SPC. Investing in the ETNs is not equivalent to investing directly in the Shares. This Section of this Prospectus describes the most significant risks relating to an investment in the ETNs.

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

### Risks Relating to the ETNs

#### Generally the ETNs may not be a suitable investment for you

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

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

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

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

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

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

Even if the value of Shares at the date of your sale is greater than the value of Shares at the date of your purchase, you will receive less due to accrued Expenses. The amount of accrued Expenses will reduce the value of Shares and/or Cash, if any, you will receive at maturity, upon Redemption or upon exercise by the SPC of its Early Termination Right (as the case may be), which could result in a loss to you on your investment, even if the value of Shares at the date of your sale is greater than the value of Shares at the date of your purchase.

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

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

#### No cash redemption

ETNs will not be redeemed for cash and may normally only be redeemed in kind by investors through Authorised Participants.

Redeeming investors will receive Shares (which could be supplemented with cash payment). Redeeming investors may not be able to realise the value of Shares received on a redemption of ETNs in a timely manner or at any particular price if there is no liquid trading market for the Shares.

#### **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 Shares received by the SPC after payment of taxes and bank commissions. In case if there will be no dividends from Shares, then the amount of the coupon on ETNs will be zero.

#### **Amount of coupon paid may not be equal to the amount of dividends paid under the Shares**

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

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

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

#### **Tax on capital gains on Shares owned by the SPC may reduce the NAV**

The SPC may sell the Shares it owns to cover its Expenses. In circumstances where the difference between the price of sale and the initial price of the Shares is positive, and such transactions do not fall under certain tax credits or reliefs, this positive amount will be included in the aggregate annual income of the SPC according to applicable Kazakhstan tax legislation. It is not guaranteed that, at the end of the calendar year, the deductible expenses of the SPC will be higher than the aggregate annual income and there will be no corporate income tax payable. Accordingly, the SPC may be obliged to pay taxes that will decrease the NAV.

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

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

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

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

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

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

- the market prices of the Shares; volatility, earnings, financial conditions, corporate, industry and regulatory developments, and other events affecting the companies whose securities are owned by the SPC;
- the exchange rate fluctuations;
- the prevailing prices and yields for the Shares;
- the time remaining to the maturity of the ETNs;
- supply and demand for the ETNs, including to the extent such supply and demand may be affected by inventory positions held by the SPC or any market maker;
- economic, financial, political, regulatory, geographical, agricultural, judicial or other events that affect the value of the Shares, or that affect markets generally; and
- the actual and perceived creditworthiness of the SPC.

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

#### **The exchange rate fluctuations may affect the value of the ETNs**

The SPC may invest some of its assets in securities or cash denominated in currencies other than KZT (such as depositary receipts in foreign currencies). Any significant appreciation or depreciation of KZT against such foreign currencies and following changes in value of such assets will result in change of NAV and may affect the market price for ETNs.

**Risk of concentration on Shares issued by the Kazakhstani companies**

Because the SPC may invest a significant portion of its assets in companies operating in Kazakhstan, the SPC is subject to greater risks of adverse developments in this country, region and/or the surrounding regions than other funds that is more broadly diversified geographically. Political, social or economic disruptions in the country or region, even in countries in which the SPC is not invested, may adversely affect the value of Shares. There are special risks associated with investments in Kazakhstan, including exposure to currency fluctuations, less liquidity, expropriation, confiscatory taxation, nationalization and exchange control regulations (including currency blockage). Inflation and rapid fluctuations in inflation and interest rates have had, and may continue to have, negative effects on the economy and securities markets of Kazakhstan.

**Investments in Shares are not diversified**

The SPC may invest a large percentage of its assets in Shares issued by or representing a small number of issuers. As a result, the SPC's performance may depend on the performance of a small number of issuers.

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

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

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

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

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

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

**The historical performance of the Index is not an indication of the future performance of the Index.**

The historical performance of the Index should not be taken as an indication of the future performance of the Index. While the trading prices of the Shares will determine the level of the Index, it is impossible to predict whether the level of the Index will fall or rise. Trading prices of the Shares will be influenced by the complex and interrelated economic, financial, regulatory, geographic, judicial, tax, political and other factors that can affect the capital markets generally and the equity trading markets on which the Shares are traded.

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

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

**Index risk**

Investment in ETNs is subject to the trading market for the Index shares, performance of the Index, economic, political and social development, and risks in Kazakhstan. There is a risk that the securities selected for the Index, in the aggregate, will not provide investment performance matching that of the expected index and that active trading market may not be maintained at AIX (see a section below "*Risks related to Securities*").

**Termination risk**

After the launch of ETNs, the Index and its methodology shall become the property of AIX FM upon its satisfactorily development by Halyk Finance, and in consideration for money to be paid to the latter. In turn, AIX FM intends to grant 3 (three) year free license to Halyk Finance to use the Index and its methodology, pursuant to and in accordance with the

terms and conditions of the Investment Management Agreement and/or other relevant agreement. SPC will also have a license to use and apply Index and the methodology.

If the Index provider terminates the Index or does not allow SPC to use the Index, and there is no successor index, then ETNs may be terminated.

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

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

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

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

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

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

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

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

**Securities Lending Risk**

The SPC may engage in Shares lending. Securities lending involves the risk that the SPC may lose money and / or Shares because the borrower of the loaned Shares fails to return the Shares in a timely manner or at all. The SPC could also lose money if it does not recover the securities and/or the value of the collateral falls, including the value of investments made with cash collateral. These events could also trigger adverse tax consequences for the SPC.

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

The SPC has been established on 06 May 2021 and has no proven track record of operation. The SPC is a special purpose vehicle with a passive investment strategy and the asset classes in which it can invest are limited. Investments by the ETN holders will be used by the SPC to purchase Shares only. Accordingly, the prospects of the SPC are fully dependent on the market demand for its ETNs and the performance of the Shares.

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

The assets of the SPC in the form of the Shares are entrusted to the Custodian for safekeeping, as set out in further detail on page 15 of this Prospectus. These assets should be segregated from other securities/assets of the Custodian in accordance with applicable law and regulation, which mitigates but does not exclude the risk of non-restitution in case of bankruptcy of the Custodian. ETN holders are therefore exposed to the risk of the Custodian not being able to fully meet its obligation to reconstitute all of the Shares in the case of bankruptcy of the Custodian. The Custodian may not keep all the assets of the SPC itself but may use a network of sub-custodians which are not always part of the same group of companies as the Custodian. ETN holders may be exposed to the risk of bankruptcy of the sub-custodians in circumstances in which the Custodian may have no liability.

#### **Risk related to the Investment Manager**

The Investment Manager is responsible for the investment strategy and has a power to manage assets of the SPC. Although the Investment Manager shall act in good faith and take the reasonable decisions, it cannot be guaranteed that all decisions and actions of the Investment Manager will benefit the ETN Holders.

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

The ETNs are expected to be listed and traded on the AIX in the AIFC. The AIX was launched in July 2018, and therefore, has a very short history of operations. Also, the infrastructure for trading on the AIX and the infrastructure for settlement in the AIX CSD and for registration in the AIX Registrar is newly set up. No assurance can be given about acceptable trading volumes of the Notes on the AIX. These factors may negatively impact the liquidity and pricing of the Notes on the AIX.

#### **Expenses exceeding Total Expense Ratio**

Total Expense Ratio deducted from the NAV at the rate of 0,75% per annum include Operational fees, the Investment management fees and the Management fee. The Management Company will pay any Total Expenses exceeding this ratio but not obliged to pay any other Expenses which may have unpredictable and unforeseen nature; such as litigations, taxes and other expenses.

#### **Risks Relating to Conflicts of Interest**

The Management Company takes all appropriate steps to identify, prevent and manage circumstances which may give rise to material conflicts with respect to the relationships between investors, subsidiaries of AIX, between the Management Company's clients and SPC, its group companies or its group companies' employees, or any person directly or indirectly linked to the Management Company or its group companies by control.

The Management Company is committed to its general obligation to act with integrity and fairness towards its investors. We take any potential conflict very seriously and if a conflict is identified, we take timely steps to resolve or remove it. Member firms maintain internal controls and processes to identify potential conflicts and comply with relevant regulations.

The Management company understand that there is a greater risk of conflict, or a perception of such by stakeholders in some key areas.

The current Key Risks are:

Quality & Compliance:

- Compliance: Failure to manage and comply with legal or professional requirements, including local policies and standards leading to regulatory action and/or significant conflicts of interest;
- Independence: Failure to comply with external independence requirements and manage the ongoing complexity and changes in independence regulations, against a growth agenda in new areas and changing expectations;
- Significant matters: Failure to respond appropriately and with speed to a significant issue in a company with implications, whether security, technology or client related;
- Regulatory/Public Policy changes: Risk of a regulatory change that would hamper our ability to operate in a sustainable way;
- Data strategy & management: Failure to manage and maintain firm or third party data with the highest compliance & regulatory standards;
- Information & Cyber security: Failure to manage security of firm or third party information causing legal, reputational and brand damage.

Market Risks:

- Technology enabled disruption: Failure to respond to, and prepare for, disruption, including getting new services and solutions to the market with speed and agility;
- Strategic execution: Failure to ensure relevance and meet client expectations;
- Investment: Failure to ensure sufficient investment in future growth areas and reinvestment in existing services;

- The risk of bias or poor judgment;
  - The reputational risks that can be damaging or even fatal to a business organization when people or firms make decisions that may be technically within the letter of the law, but are not in keeping with the spirit of the law and hard to explain to the constituencies with which they must keep faith, such as customers, creditors, investors, or employees.
- For every risk identified, each investor is required to assess the probability of the risk occurring, its potential impact and whether the risk is operational, forward looking or emerging.

**Issuance and offering of the ETNs does not constitute an expression of our view about, or a recommendation of, the Index or any of the Shares.**

You should not take issuance and offering of the ETNs as an expression of our views about how the Index or any of the Shares will perform in the future or as a recommendation to invest (directly or indirectly, by taking a long or short position) in the Index or any of the Shares, including through an investment in the ETNs. The SPC and/or its affiliates may, and often do, have positions (long, short or both) in one or more of the Shares that conflict with an investment in the ETNs. You should undertake an independent determination of whether an investment in the ETNs is suitable for you in light of your specific investment objectives, risk tolerance and financial resources.

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

The SPC and its affiliates may publish research from time to time on stocks or commodities and other matters that may influence the value of the ETNs, or express opinions or provide recommendations that are inconsistent with purchasing or holding the ETNs. Any research, opinions or recommendations expressed by the SPC or its affiliates may not be consistent with each other and may be modified from time to time without notice. The ETNs are linked to the Index that is intended to measure the performance of a diversified basket of publicly traded securities. Investors should make their own independent investigation of the merits of investing in the ETNs and the Index to which the ETNs are linked.

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

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

**Risks Relating to the Index**

**The Management Company based on the recommendations of the Investment Manager may adjust the Index in a way that may indirectly affect the NAV, and neither the Management Company nor the Investment Manager has any obligation to consider your interests.**

The Management Company can add, delete or substitute the equity securities in the Index or make other methodological changes that could change the NAV. You should realize that the changing of equity securities included in the Index may affect the Index, as a newly added equity security may perform significantly better or worse than the equity security or securities it replaces. Additionally, the Management Company may alter, discontinue or suspend calculation or dissemination of the Index. Any of these actions could adversely affect the value of the ETNs. Neither the Management Company nor the Investment Manager has any obligation to consider your interests in calculating or revising the Index. Therefore, no warranty, representation or guarantee is given as to the accuracy or completeness of the Index and its computation or any information related thereto. The process and the basis of computing and compiling the Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by the Management Company without notice. The Management Company or the Investment Adviser accept no responsibility or liability for any inaccuracies, omissions, mistakes or errors of the Management Company in the computation of the Index or for any economic or other loss which may be directly or indirectly sustained by an investor as a result thereof.

**Tracking error**

Although the ETNs are developed to track the Index, in certain circumstances the return of the Index may differ from the return on ETNs and investor may receive more or less by investing in ETNs than investing in the securities comprising the Index.

**The Management Company may, in its sole discretion, publish or discontinue the publishing of the Index and/or the end-of-day closing value of the Index.**

The Management Company is not under any obligation to continue to calculate or publish the Index and end-of-day official closing value of the Index. If the Management Company publishes or discontinues such publishing, it may affect NAV and market prices for the ETNs.

**Risks related to the Shares**

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

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

Distributions on the securities will generally depend upon the declaration of dividends by the issuers of the securities; the declaration of such dividends generally depends upon various factors, including the financial condition of the issuers and general economic conditions.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes will be used by the Issuer mainly for investments in the Shares.

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

### **Registration of the Notes**

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

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

### **Over-the-counter Transactions with the Notes held with AIX Registrar**

In order to transfer ETNs held in any account with AIX Registrar or receive ETNs into an account at AIX Registrar (either as a result of a sale and purchase transaction or other types of transaction) a person must:

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

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

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

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

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

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

## ADDITIONAL INFORMATION

### *Investments Information*

- (a) the Issuer's principal investments for each financial year for the period covered by the historical financial information up to the date of the Prospectus – not applicable; the SPC has been established recently and has no investments as of the date of the Prospectus.
- (b) description, (including the amount) of the Issuer's principal investments for the period referred to in (a) - not applicable; the SPC has been established recently and has no investments as of the date of the Prospectus.
- (c) a description of the Issuer's principal investments that are in progress, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external) – the SPC is planning to hold Shares only. Financing of acquisition of Shares will be carried out for expense of funds attracted via issuance of ETNs.

### *Actual and proposed business activities*

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

- (a) *the history of the Issuer* – the SPC has been incorporated on 06 May 2021 and has no history of operations.
- (b) *a description of the principal activities and business of the Issuer* - Principal activity of the SPC – issuance of the Exchange Traded Notes.
- (d) *a description of, and key factors relating to, the nature of the Issuer's operations and its principal activities, specifying the main categories of products sold and/or services performed for each financial year for the period covered by the historical financial information* - Principal activity of the SPC – issuance of the Exchange Traded Notes as described in the Prospectus; historical information is unavailable.
- (e) *an indication of any significant new products and/or services that have been introduced by the Issuer and, to the extent the development of new products or services has been publicly disclosed, the status of the development* – the SPC is planning to issue Exchange Traded Notes that will be offered to trading on AIX.
- (f) *a description of the principal markets in which the Issuer operates, including a breakdown of total revenues by category of activity and geographic market for each financial year for the period covered by the historical financial information* – not applicable, the SPC has no principal markets as of the date of the Prospectus.
- (g) *if material to the Issuer's business or profitability, a summary of the extent to which the Issuer is dependent on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes* – not applicable, the SPC do not need patents or licenses; and has no material contracts or new manufacturing processes.
- (h) *the basis for any statement made by the Issuer regarding its competitive position* - not applicable, the SPC has not made any statements regarding its competitive position.

### *Production and sales trends*

- (a) *Information about the most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the Prospectus* – not applicable, the SPC has been incorporated recently.
- (b) If:
- (i) *there has been no material adverse change relating to the information referred to in (a) since the date of its last published financial statements, a statement to that effect* – not applicable.
- (ii) *the Issuer is not in a position to make such a statement, details of the material adverse change* – not applicable.
- (c) *Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the past 12 months* – There are no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the SPC's prospects, known to the SPC as of

the date of the Prospectus.

#### *Constitution*

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

(a) *a description of the Issuer's objectives and purpose and where they can be found in the constitution* – for a brief description of the SPC's objectives, purposes and its Articles of Association please refer to the page 27 of the Prospectus.

#### *Group Structure*

All material information about the group and the management of the SPC is described above, on pages 27 to 31 of the Prospectus.

#### *Material contracts*

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

#### *Share capital*

The amount of issued share capital is described on page 28 of the Prospectus.

#### *Corporate governance*

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

#### *Historical financial information about the Issuer*

Not applicable since the SPC has been established on 06 May 2021.

#### *Connected Persons*

The SPC has been incorporated in the form of special purpose company with AIX FM acting as a corporate Director. Details of persons controlling the SPC are described on pages 27 to 31 of the Prospectus.

#### *Legal and other proceedings against the Issuer*

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

#### *Documents for inspection*

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

(a) Articles of Association of the Issuer;

(b) this Prospectus.

*Reasons for the offer*

ETNs are offered to the potential investors; net proceeds of the issue of the Notes will be used by the SPC for investments in the Shares 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.

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

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

## TAXATION

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

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

***If an ETN holder intends to purchase and/or purchases the ETNs as provided for in this Prospectus such ETN holder should consult with their tax advisers regarding any tax consequences of such receipt, holding and subsequent sale of the ETNs under applicable tax legislation.***

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

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

### **Republic of Kazakhstan Taxation**

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

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

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

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

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

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

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

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

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

## IMPORTANT NOTICE

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

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

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

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

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

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

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

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

## GENERAL PROVISIONS

**IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER, THE TERMS OF THE NOTES, INCLUDING THE MERITS AND THE RISKS INVOLVED.**

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

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

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

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

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

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

The language of this Prospectus is English.

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

## ENFORCEABILITY OF CIVIL LIABILITIES AND CERTAIN LEGAL MATTERS

### Enforceability of Civil Liabilities

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

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

## GOVERNING LAW

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

## ARBITRATION

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

The seat of arbitration shall be Nur-Sultan city, the Republic of Kazakhstan and the language of arbitration shall be English.

In this paragraph:

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

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

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

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

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

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

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

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

(iv) If the Tribunal makes a Joinder Order:

- (A) it will immediately, to the exclusion of any other Tribunal, have jurisdiction to resolve finally the Linked Dispute in addition to its jurisdiction in relation to the Primary Dispute;

(B) it must order that notice of the Joinder Order and its effect be given immediately to any arbitrator(s) already appointed in relation to the Linked Dispute and to all parties to the Linked Dispute and to all parties to the Primary Dispute; and

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

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

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

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

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

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

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

## **RIGHTS OF THIRD PARTIES**

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

## **BINDING NATURE OF THE PROSPECTUS**

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

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

## RESPONSIBILITY STATEMENT

**Subject to the following paragraph, the Issuer and the Investment Manager, having made all the reasonable enquiries, accepts responsibility for this Prospectus (in accordance with Section 69 of the AIFC Framework Regulations №18 of 2018 and Part 1 of the AIFC Market Rules №FR0003 of 2017) and confirm that this Prospectus complies with the requirements set out in Section 69 of the AIFC Framework Regulations №18 of 2018 and Part 1 of the AIFC Market Rules №FR0003 of 2017 and contains all information which is material in the context of the issue of the Notes, that the information contained in this Prospectus is correct to the best of their knowledge and that no material facts or circumstances have been omitted.**

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