

**10 000 ETNs<sup>1</sup>**  
**Kaz Financials SPC Limited**  
**Prospectus dated November 18, 2021**

**Kaz Financials Exchange Traded Notes due November 18, 2031**

**General**

- The Kaz Financials Exchange Traded Notes (the “ETNs” or the “Notes”) are senior unsecured debt obligations of Kaz Financials SPC Limited (the “SPC” or “Issuer”), a special purpose company incorporated in the Astana International Financial Center (the “AIFC”) whose sole assets are shares and/or depositary receipts on Kazakhstani financial institutions (the “Shares”) and Cash.
- The ETNs seek to provide investors a return linked to the performance of the securities issued by Kazakhstani financial institutions by holding mainly the Shares in its assets. Any changes in the total value of Shares are expected to be reflected in respective change in Net Asset Value of the SPC less Expenses. **Any payment on the ETNs is subject to the SPC’s ability to pay its obligations (as such obligations described in the Section headed “General terms of the Notes” on pages 13 to 20 of this Prospectus) as they become due.**
- BCC Invest JSC (“BCC Invest”) is acting as an Adviser to the SPC. In this role BCC Invest is responsible for the recommendations on the investment strategy of the SPC, including the recommendation on Permitted Assets as described in more detail on page 15 of this Prospectus.
- The ETNs are issued by the SPC, which is 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 Astana International Exchange Limited (“AIX”). Neither AIX FM nor AIX bears any responsibility towards the ETN Holders for obligations of the SPC.
- As at the date of this Prospectus, BCC Invest assumed obligations to cover all expenses of the SPC. Should this arrangement change, then the expenses of the SPC will be paid out of its assets, decreasing the Net Asset Value by the amount of such expenses.
- **Any payment to any ETN Holder upon Maturity, Early Termination or Redemption (each of procedure described in the Section headed “General terms of the Notes” on pages 13 to 20 of this Prospectus) will be effected by payment of the Settlement Amount, which is the Shares (with possible supplement of Cash). The ETNs bear no principal or face value, therefore the SPC is not obliged to pay any amount in cash.**
- **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 the ETNs to ensure that they remain consistent with their investment strategies.**
- The ETNs are senior unsecured debt obligations of the SPC and mature on November 13, 2031.
- The ETNs do not guarantee any return on your investment. Prior to maturity of the ETNs, unless the ETNs are either redeemed or terminated in accordance with their terms, the ETN Holders will only be able to realise the value of their investment by selling the ETNs. On maturity of the ETNs, the ETN Holders will receive the Shares (which could be supplemented with Cash).
- The ETNs will pay coupon in the amount of dividends related to the Shares owned by the SPC, less possible deductions. In case if dividends from the Shares are equal to zero, then the coupon will also be equal to zero.
- The base currency of the ETNs is the 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 10 141,20 Kazakhstani Tenge (KZT). 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

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

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.

- The ETNs are expected to be listed and traded on AIX under the ticker symbol “**QFIN**”. The SPC will use all its reasonable efforts to maintain the listing on AIX, but no assurance can be given that the listing on AIX will be maintained. In case if the listing of the ETNs on AIX will be cancelled or suspended for any reason, the SPC is obliged to declare the early redemption of all of the ETNs.
- This Prospectus and any changes or amendments to this Prospectus (in the form of supplementary prospectus) will be published on the website of the Stock Exchange (AIX).
- 10 000 ETNs have been issued by the SPC in the amount of the Initial Placement and are expected to be sold off-exchange to the Initial Purchaser under the Initial Purchaser Agreement concluded with the SPC, where the consideration provided by the Initial Purchaser will consist of Shares with the approximate value of 100,000,000 (one hundred million) Kazakhstani Tenge (KZT). It is expected that the Initial Purchaser will use some of these ETNs for the market making activity on AIX.
- 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 the ETNs directly on AIX or in off-exchange transactions to investors. Prospective investors may purchase or sell ETNs on AIX through a brokerage firm that is a trading member of AIX. The Authorised Participants have a right to redeem the ETNs purchased from the Issuer or on AIX. The redemption of the ETNs will be made off-exchange. **The ETN Holders (other than Authorised Participant(s)) shall have no right to require the SPC to redeem the 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 “General terms of the Notes” on pages 13 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 21 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.**

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## DEFINITIONS AND KEY TERMS

<b>Acting Law of the AIFC</b>	Has the same meaning as defined in clause 1 of Article 4 of the Constitutional Law of the Republic of Kazakhstan “On the Astana International Financial Centre” No. 438-V ZRK, dated 7 December 2015.
<b>Adviser</b>	BCC Invest JSC, a legal entity incorporated under the laws of the Republic of Kazakhstan which enters to the Advisory Agreement with the SPC.
<b>Advisory Agreement</b>	An agreement concluded between the SPC and the Adviser, pursuant to which the Adviser provides advisory services to the SPC.
<b>Advisory Fee</b>	A fee payable to the Adviser for its services, which is calculated as a positive or negative difference of (i) an amount equal to the Total Expense Ratio multiplied by the NAV averaged over that year; over (ii) the Expenses accrued over that year. For the avoidance of doubt, if the difference is negative, the Adviser shall not be entitled to any Advisory Fee and obliged to pay to the SPC the amount of such negative difference.
<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 October 21, 2021.
<b>Auditor</b>	Russell Bedford A+ Partners.
<b>Authorised Participant</b>	Any legal entity that enters into the Authorised Participant Agreement with the SPC, including the Adviser, which entered into the Authorised Participant Agreement with the SPC as at November 18, 2021.
<b>Authorised Participant Agreement</b>	An authorised participant agreement to be concluded between the Authorised Participant and the SPC.
<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 Kazakhstani Tenge in hand of the SPC and, to the extent only that it is immediately available for withdrawal or otherwise immediately available to the SPC, all deposits of the SPC with any bank/brokerage company.
<b>Coupon Amount</b>	Total amount payable to the ETN Holders equal the sum of the cash dividends received by the SPC after all deductions related to the Shares owned by the SPC and divided by the number of ETNs outstanding as at 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 August each year.
<b>Creation Amount</b>	100 ETNs, subject to the right of the Management Company to modify the Creation Amount subject to the prior written approval from the Adviser.
<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</b>	Redemption of all of the ETNs outstanding before the Maturity Date.
<b>Early Termination Right</b>	Right of the SPC to declare the Early Termination and to redeem all, but not less than all, of the issued and outstanding ETNs, as described in this Prospectus on page 19.
<b>ETN Holder(s)</b>	The end investor, whether a natural or legal person, who owns the ETNs for its 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 AIX CSD under another name (for example, under a name of a nominee).
<b>Expenses</b>	All expenses paid or to be paid by the SPC in connection with the ETNs, as described in this Prospectus on page 16.
<b>Governing Law and Arbitration</b>	<p>The ETNs (including without limitation the binding agreement relating to arbitration between the SPC and the ETN Holders, described in the Section headed “Arbitration” below on pages 40 to 41 of this Prospectus), including any non-contractual obligations arising out of or in connection with them, shall be governed by, and construed in accordance with, the Acting Law of the AIFC.</p> <p>Any dispute, controversy, difference or claim, whether contractual or non-contractual, arising out of or in relation to this Prospectus, including its existence, validity, interpretation, performance, breach or termination, shall be referred to and finally resolved by arbitration administered by the IAC in accordance with the IAC Arbitration and Mediation Rules in force on the date on which the Request for Arbitration is filed with the registrar of the IAC, which Rules are deemed to be incorporated by reference into this Prospectus. The details of the binding nature of the agreement between the SPC and the ETN Holders in relation to the Notes are set forth on page 41 of this Prospectus.</p>
<b>IAC</b>	International Arbitration Centre of the AIFC.
<b>IFRS</b>	International Financial Reporting Standards (including international accounting standards, international financial reporting standards and interpretations of those standards) as in force from time to time.
<b>Initial Placement</b>	The direct subscription by the Initial Purchaser pursuant to and in accordance with the Initial Purchaser Agreement.
<b>Initial Purchaser</b>	BCC Invest JSC, a legal entity incorporated under the laws of the Republic of Kazakhstan which enters to the Initial Purchaser Agreement with the SPC.
<b>Initial Purchaser Agreement</b>	An agreement between the SPC and the Adviser whereby the Adviser has agreed to purchase 10 000 ETNs from the SPC in exchange for the Shares.
<b>ISIN</b>	KZX000000922.
<b>Issuer or SPC</b>	Kaz Financials SPC Limited (“SPC”, “we”, “our” or “us”), a special purpose company, registration number 210940900052, incorporated under the Acting Law of the AIFC on September 06, 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</b>	Lawful currency of Kazakhstan.
<b>Listing</b>	Application has been made to list the ETNs on the official list of securities of AIX and for admission to trade the ETNs on AIX.
<b>Management Company</b>	AIX FM, a wholly-owned subsidiary of AIX.
<b>Market Maker</b>	BCC Invest JSC, a legal entity incorporated under the legislation of the Republic of Kazakhstan, acting as a market maker for ETNs on AIX.
<b>Maturity Date</b>	November 18, 2031.
<b>Method of Notification to ETN Holders</b>	All notifications to the ETN Holders, as well as publication of annual reports and other information concerning the ETNs, shall be made available via AIX’s Regulatory Announcement Service at <a href="http://www.aix.kz">www.aix.kz</a> .
<b>Method of Placement</b>	The ETNs are issued in exchange for the Shares and/or Cash only.
<b>Method of Redemption</b>	The ETNs are redeemed in exchange for the Shares and/or Cash only.
<b>NAV</b>	The value of Cash and Shares held or owned by the SPC (as further described in the “General Terms of the Notes” Section on pages 13 to 20 of this Prospectus).
<b>On-Going Placement(s)</b>	The ETNs issued from time to time to the Authorised Participants in exchange for the Shares and/or Cash, in each case at the consideration intended to be approximately close to the NAV.
<b>Permitted Assets</b>	<p>The only assets which the SPC is permitted to hold and own as at the date of this Prospectus are:</p> <ul style="list-style-type: none"> <li>• the Shares; and</li> <li>• the Cash.</li> </ul>

<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 the Authorised Participant 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>The ETN Holders (other than Authorised Participant(s)) shall have no right to require the SPC to redeem the ETNs.</b>
<b>Redemption Amount</b>	100 ETNs, subject to the right of the Management Company to modify the Redemption Amount subject to the prior written approval from the Adviser.
<b>Redemption Date</b>	Any business day determined as the redemption date by the SPC.
<b>Settlement Amount</b>	NAV which will be paid by the Shares and could be supplemented with Cash.
<b>Shares</b>	Any equities or depositary receipts of Kazakhstani financial institutions owned by the SPC at any point of time.
<b>Stock Exchange or AIX</b>	Astana International Exchange Limited, 55/19 Mangilik El st., block C 3.4. Nur-Sultan, Kazakhstan, telephone +7(717) 223 53 66
<b>Term of the ETNs</b>	10 years from the date of issuance of the ETNs, subject to the right of the Authorised Participant 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 13 to 20 of this Prospectus.
<b>Total Expense Ratio</b>	A measure of the total expenses of the SPC which are for the account of the ETN Holders, determined by the Adviser and denoted as a percentage of the total annualized accrued and/or paid Expenses to the NAV averaged over that year (as further described in the sub-Section headed “Expenses” in the “General Terms of the Notes” Section on pages 13 to 20 of this Prospectus).

## PROSPECTUS SUMMARY

### INTRODUCTION AND WARNINGS

<b>Notes</b>	Kaz Financials Exchange Traded Notes due November 18, 2031 ISIN KZX000000922
<b>Issuer</b>	Kaz Financials SPC Limited, a special purpose company, registration number 210940900052, incorporated under the Acting Law of the AIFC on September 06, 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 254900GFBHKW58ISWU55.
<b>Adviser</b>	BCC Invest JSC, a legal entity incorporated under the laws of the Republic of Kazakhstan on June 17, 2003, registration number 030640007360, licence number 0403200488 issued by the National Bank of Republic of Kazakhstan on July 01, 2014 with registered address at Panfilov Street, 98, Almaty, Kazakhstan.
<b>Person seeking for admission to trading on AIX</b>	Kaz Financials 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>	November 18, 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 Shares. If the price of the Shares on the date of your sale is less than the price of the 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>	Kaz Financials SPC Limited, a special purpose company, registration number 210940900052, incorporated under the Acting Law of the AIFC on September 06, 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>	The SPC 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.

<b>Auditor</b>	The independent auditors of the Issuer are Russell Bedford A+ Partners . The licence for providing Audit and Accountancy Services is issued by the Astana Financial Services Authority under number AFSA-A-LA-2020-0024.
<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).

The 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 U.S.\$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, the AIX is the sole shareholder of AIX FM.

BCC Invest JSC is acting as an Adviser to the SPC. In this role BCC Invest JSC is responsible for the determination of the investment strategy of the SPC, including the decision on Permitted Assets.

As at the date of this Prospectus, BCC Invest JSC assumed obligations to cover all Expenses of the SPC. Should this arrangement change, then the Expenses of the SPC will be paid out of the SPC's assets, decreasing the NAV.

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

*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 from the Initial Purchaser with approximate value of 100,000,000 Kazakhstani Tenge in exchange for the ETNs pursuant to and in accordance with the Initial Purchaser Agreement.

*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 Initial Purchaser 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) U.S. Dollar.

*Profit and loss statement*

As at the date of this Prospectus, the profit and loss statements of the SPC reflect only accrued expenses under agreements with third-parties, as well as accrued receivables from the Adviser in the same amount.

***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 September 06, 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>	Kaz Financials Exchange Traded Notes due November 18, 2031 ISIN: KZX000000922
<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 the Kazakhstani Tenge (KZT) and the nominal value of the ETNs shall be expressed in the Kazakhstani Tenge (KZT). The nominal value of one ETN calculated as at the date of this Prospectus is equal to 10 141,20 Kazakhstani Tenge (KZT). 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 the ETNs issued: 10 000. This amount represents the amount of the Initial Placement. The Issuer may issue additional ETNs and/or redeem issued 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 the Authorised Participant 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 13 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>	November 18, 2021
<b>Maturity Date</b>	November 18, 2031
<b>Interest Rate and Interest Payment Dates</b>	The ETNs bear floating coupon rate directly linked to the cash dividends and coupons 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 Shares.
- You believe that the price of the Shares will decline during the term of the ETNs or the price of the Shares will not increase by an amount sufficient to meet your investment objectives.
- 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 market place or (as the case may be) the SPC exercises its Early Termination Right.
- You are not willing to accept the risk that you may lose some or all of your investment.
- You are not willing to actively and frequently monitor your investment in the ETNs.
- You do not have sufficient knowledge and experience to evaluate how the ETNs may perform under different conditions or the merits and risks of an investment in the ETNs.
- You do not understand the terms of the investment in the ETNs or are not familiar with the behavior of the 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 are not comfortable with creditworthiness of the SPC as an issuer of the ETNs.

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

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

The ETNs are fully exposed to any decline in the price of Shares. If the price of the Shares on the date of your sale is less than the price of the Shares at the date of your purchase and taking into account any coupon payments received by you, 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 NAV on the Maturity Date or the Redemption Date may be less than the NAV on the date of your purchase**

The NAV on the Maturity Date or the Redemption Date may be less than the NAV on the date of your purchase because the NAV is calculated based on the price of the Shares 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 the Shares received by the SPC after deductions. In case if no dividends will be paid under Shares, then the amount of the coupon on ETNs will be zero.

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

Any coupon paid by the SPC on the 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 aggregate amount of dividends declared and paid under Shares.

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

If the ETNs are excluded from the official list of AIX, all income on the 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 the 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 ETN Holders for tax purposes, as well as their market price.

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

In certain circumstances, the SPC may sell the Shares it owns to cover its Expenses. When the difference between the price of sale and the initial price of the Shares is positive, such positive amount may be considered as a revenue for the SPC and 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 may 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 not less than 30 calendar days' prior notice by exercising its Early Termination Right. If the SPC elects to redeem your ETNs pursuant to the exercise by the SPC of its Early Termination Right, you may not be able to reinvest at comparable terms or returns.

**Risk of changing interest rates**

The value of the Shares may decline when interest rates fall or rise. This decline can occur because the Shares are interest-sensitive securities and respective issuers of the Shares are financial institutions highly dependent on the interest rates.

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

Investing in the ETNs will not make you a holder of any rights or interests 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 volatility of the Shares (i.e., the frequency and magnitude of changes in the value of the Shares);
- the market price of the Shares;
- the volatility, earnings, financial conditions, corporate, industry and regulatory developments, and other events affecting the financial institutions whose common shares or depositary instruments owned by the SPC as Shares;
- the prevailing prices and yields for the Shares;
- the time remaining to the maturity of the ETNs;
- the 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;
- the 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 liquidity of the market for the ETNs may vary materially over time and may be limited**

As stated in this Prospectus, the SPC will sell the Initial Amount of the ETNs to the Initial Purchaser. Additional ETNs may also be offered and sold from time to time by the SPC to Authorised Participants. In addition, the number of ETNs outstanding or held by persons other than affiliates of the SPC could be reduced at any time due to redemptions of the ETNs. The SPC may suspend or cease sales of the ETNs at any time, at its sole and absolute discretion. Accordingly, the liquidity of the market for the ETNs could vary materially over the term of the ETNs. Only the Authorised Participants 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 any 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 the ETNs will rise or fall.

#### **There may not be an active trading market in the ETNs on AIX**

The ETNs are to be traded mainly on AIX. Despite the actions and efforts of AIX to intensify trading and the presence of a market maker, there can be no assurances that active trading on AIX will exist with significant liquidity. Even if active trading on AIX will exist, it may not provide significant liquidity or trade at prices advantageous to you. As a result, if you sell your ETNs on AIX, 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 November 26, 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**

*Conflict of interest related to the Issuer, the Management company and AIX.*

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.

*Conflict of interest related to the Adviser and Shares.*

BCC Invest JCS is a wholly-owned subsidiary of Bank CenterCredit JSC, which shares are listed on AIX and Kazakhstan Stock Exchange. In accordance with the Advisory Agreement, BCC Invest JSC has agreed to act as an Adviser to the SPC. In this role BCC Invest JSC is responsible for the recommendations on determination of the investment strategy of the SPC, including the recommendations on the Permitted Assets. It is, therefore, possible that BCC Invest may, in the course of advisory service, have potential conflicts of interest with the SPC. As described in the investment strategy, SPC, following Adviser's recommendations, may invest in Kazakhstan financials, including shares of Bank CenterCredit JSC

**Use of Proceeds**

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

**Estimated Expenses**

It is expected but not guaranteed that the Expenses, including the Advisory Fee, shall not exceed the Total Expense Ratio.

As at the date of this Prospectus, the Adviser decided that the Total Expense Ratio shall be nil.

This effectively means that as at the date of this Prospectus the Adviser is responsible for discharging all of the Expenses of the SPC out of the Adviser's own assets. If this arrangement changes, a situation is possible in which the Expenses of the SPC will be paid at the expense of the SPC's assets. In such a case, the effect of the SPC paying the Expenses at the expense of its assets 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.

<b>The Notes</b>	Kaz Financials Exchange Traded Notes due November 18, 2031  ISIN: KZX000000922
<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 10 141,20 Kazakhstani Tenge (KZT). 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: 10 000. This amount represents the amount of the Initial Placement. The Issuer may issue additional ETNs and/or redeem the issued 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 the Authorised Participant 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 13 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>	November 18, 2021
<b>Maturity Date</b>	November 18, 2031
<b>Interest Rate and Interest Payment Dates</b>	The ETNs bear floating coupon rate directly linked to the cash dividends and coupons received by the SPC after payment of taxes and bank commissions in relation to the Securities 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.

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

The ETNs are unsecured senior debt obligations of Kaz Financials 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 in the Kazakhstani Tenge in hand of the SPC and, to the extent only if they are immediately available for withdrawal or otherwise immediately available to the SPC, all deposits of the SPC with any bank/brokerage company (the "Cash"). The Shares and Cash will be held in an 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 (as explained in more detail immediately below).

### Net Asset Value

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

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 is calculated on each Business Day and published on the website of the Stock Exchange at [www.aix.kz](http://www.aix.kz).

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, it is expected (but not guaranteed) that the price of the ETNs traded on AIX will over time closely track the NAV.

### **Permitted Assets**

As at the date of this Prospectus, the SPC shall be entitled to hold the following assets only:

- the Shares; and
- the Cash.

#### *Shares*

As at the date of this Prospectus, the Shares include the following shares (or depositary receipts) of Kazakhstani financial institutions:

- shares of Halyk Bank Kazakhstan, ISIN KZ000A0LE0S4 – approximately 20% of total value of Shares;
- shares of Kaspi.kz, ISIN KZ1C00001536 – approximately 10% of total value of Shares;
- shares of Bank CenterCredit, ISIN KZ0007786572 – approximately 70% of total value of Shares.

This composition of portfolio of the SPC (including weights in the NAV) could be changed by the SPC based on the recommendation of the Adviser subject to compliance with certain conditions detailed in sub-section “Adviser” on pages 15 to 16 of this Prospectus.

#### *Investment limitations*

SPC cannot invest more than 75% of its assets in the securities of any single issuer.

#### *Investment strategy*

The ETN seeks to provide investment results that, before Expenses, generally correspond to the price and yield performance of Kazakhstani financial institutions, in particular banks, which shares are listed on AIX. The weights of investments are determined by the Adviser and cannot be more than 75% of the assets of the SPC invested in shares of any single issuer.

#### *Cash*

Cash will be held in 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.

#### *Target asset allocation*

The SPC's target asset allocation and asset allocation ranges as at the date of this Prospectus are set out in the table below:

<b>Asset Class</b>	<b>Intended Target</b>	<b>Range</b>
Shares	99-100%	95% - 100%
Cash	0-1%	0% - 5%

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

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 signed on October 11, 2021.

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 Adviser to replace the Custodian and to transfer all the Shares and/or Cash to such new custodian with immediate notification to the ETN Holders.

#### **Adviser**

In accordance with the Advisory Agreement, BCC Invest JSC has agreed to act as an Adviser to the SPC. In this role BCC Invest JSC is responsible for the recommendations on determination of the investment strategy of the SPC, including the recommendations on the Permitted Assets.

As at the date of this Prospectus, the Adviser has recommended and the SPC has decided that the Permitted Assets shall include only:

- the Shares (in weights described above); and
- the Cash.

This decision on the composition of the Permitted Assets (including changes of weights of Shares) may be changed by the SPC based on the recommendation of the Adviser at any time, provided that:

- any recommendation to change the Permitted Assets was made by the Adviser on the basis of reasonable grounds and does not contradict the law and/or interests of the ETN Holders;
- any recommendation to change the Permitted Assets was preliminary discussed and approved by the Management Company; and
- the SPC informed the ETN Holders about the planned change of the Permitted Assets at least 30 calendar days before the date of the change of the Permitted Assets.

In return for its services, the Adviser is entitled to receive the Advisory Fee.

The Advisory Fee is accrued on a daily basis. The Advisory Fee is calculated as a positive or negative difference of (i) an amount equal to the Total Expense Ratio multiplied by the NAV; over (ii) the Expenses accrued. For the avoidance of doubt, if the difference is negative, the Adviser shall not be entitled to any Advisory Fee and obliged to pay the SPC the amount of such negative difference.

As at the date of this Prospectus, the Adviser decided that the Total Expense Ratio shall be nil. This effectively means that as at the date of this Prospectus the Advisory Fee is negative.

If the Adviser has failed to comply with its obligations hereunder, including, but not limited to, to cover the Expenses, it shall not be entitled to any Advisory Fee and the SPC will use its Permitted Assets to pay out its Expenses.

## **Expenses**

The SPC shall pay the following Expenses:

- Advisory Fee; and
- other expenses.

It is expected but not guaranteed that the Expenses, including the Advisory Fee, shall not exceed the Total Expense Ratio.

The Advisory Fee is described above.

The other expenses include all costs, charges, fees and expenses incurred in the operation of the SPC, including but not limited to the transactional costs, banking costs, brokerage costs, borrowing costs, the costs and expenses of obtaining and maintaining authorisations or registrations with regulatory authorities, professional fees, expenses for auditing, interest payments and other fees.

The SPC and the Adviser has agreed that all agreements that imply any obligation of the SPC to pay any fee shall be approved in writing by the Adviser, prior to its execution.

In addition, the SPC may, in exceptional circumstances, pay costs that relate to the ETNs that arise outside of agreements and the ordinary course of business such as taxes, litigation expenses and any other extraordinary expenses.

### *Total Expense Ratio*

The Total Expense Ratio is a measure denoted as a percentage of total annualized Expenses, including all fees and costs, accrued on a daily basis, to the NAV averaged over that year.

The Adviser is responsible for the determination of the Total Expense Ratio.

As at the date of this Prospectus, the Adviser decided that the Total Expense Ratio shall be nil.

This effectively means that as at the date of this Prospectus the Adviser is responsible for discharging all Expenses and costs of the SPC out of its own assets.

This decision on the size of the Total Expense Ratio may be changed by the Adviser at any time, provided that:

- at any time the Total Expense Ratio cannot exceed 2 percent;
- the Adviser has notified the SPC within the reasonable timeframe to enable the SPC to inform the ETN Holders about the planned change of the Total Expense Ratio at least 30 calendar days before the date of the change of the Total Expense Ratio.

In case if the Adviser determined the Total Expense Ratio greater than nil and the Expenses accrued during a respective period exceed the Total Expense Ratio, the Adviser is responsible for discharging this difference (excess of such Expenses over the Total Expense Ratio).

In case if the Adviser has failed to comply with its obligations, including, but not limited to, to cover the Expenses, then the SPC has a right to:

- sell the Shares and/or use the Cash to pay its Expenses;
- enforce its Early Termination Right.

In case of such failure, the Expenses of the SPC may exceed the Total Expense Ratio and will be deducted by the SPC from, and reflected in the value of, the SPC and, accordingly, the NAV. The effect of the SPC paying Expenses out of the SPC's assets, which are the Shares and Cash, is therefore to reduce the NAV.

### *Coupon Amount*

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

Any withholding (or other taxes) associated with the net cash dividends related to the Shares owned by the SPC will decrease the Coupon Amount and will not affect the NAV.

## **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 the Coupon Amount.

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

The SPC owning the Shares is eligible to receive dividends and other distributions from respective issuers. All such dividends and distributions received by the SPC will be kept on the account of the SPC and reflected in the NAV till the next Coupon Payment Date.

Dividends, coupons and other distributions may be reinvested by the SPC 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 or distributions 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 and coupons 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 decision on holding or selling these additional Shares will be made by the SPC based on the recommendations of Advisor. 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 and coupons received by the SPC divided by the number of ETNs outstanding as at the Coupon Record Date.*

The total amount of net dividends and coupons includes all dividends and coupons 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 or distributions 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 will receive any cash dividends, coupons or other distributions related to the Shares owned by the SPC after the Maturity Date, will be distributed to the ETN Holders in the same manner (with the 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 coupons).

## **Placement of ETNs**

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

### *Initial Placement*

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

Under the Initial Purchaser Agreement, the Initial Purchaser will purchase the ETNs in exchange for the Shares with approximate value of 100,000,000 KZT.

The Initial Purchaser will provide following Shares to the SPC:

- 101 150 shares of Halyk Bank Kazakhstan, ISIN KZ000A0LE0S4 with the total market value as at the date of this Prospectus of 20 035 792,00 KZT;

- 161 shares of Kaspi.kz, ISIN KZ1C00001536 with the total market value as at the date of this Prospectus of 9 982 000,00 KZT;

- 203 867 shares of Bank CenterCredit, ISIN KZ0007786572 with the total market value as at the date of this Prospectus of 71 394 223,40 KZT.

In return the SPC will issue 10 000 ETNs and provide it to the Initial Purchaser.

This amount may be subject to change based on negotiations with the Initial Purchaser and prevailing market conditions.

The Initial Purchaser is expected to sell these ETNs to investors and use the ETNs for its market making activity on AIX.

The Initial Purchaser is expected to receive the ETNs pursuant to and in accordance with the Initial Purchaser Agreement on or around November 18, 2021.

#### *On-Going Placements*

All On-Going Placements shall be carried out via transactions with Authorised Participants in exchange for the Shares and/or Cash in an amount not less than the Creation Amount.

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

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

The SPC has a right to modify the Creation Amount with the prior written approval from the Adviser and immediate notification to the Authorised Participants published on the website of the Stock Exchange at [www.aix.kz](http://www.aix.kz).

#### *Procedure for On-Going Placement*

On any Business day the Authorised Participant may:

- submit to the SPC an irrevocable Placement Notice;
- transfer to the SPC the Shares and/or Cash to its account with the Custodian in the volume specified in the Placement Notice.

The SPC shall receive the Placement Notice not later than 12 p.m. on this Business day and confirm to the Authorised Participant that its Placement Notice will be satisfied.

On the same Business day, the Authorised Participant shall transfer the Shares and/or Cash to the SPC's account with the Custodian and ensure that the SPC have received these Shares and/or Cash not later than 3 p.m. on that day.

Upon receipt of the Shares and/or Cash, the SPC shall immediately issue and transfer the ETNs to the Authorised Participant, to its account with AIX CSD.

The number of ETNs issued and provided to the Authorised Participant is calculated based on the proportion of the Shares and/or Cash owned by the SPC prior to the Placement Notice to the Shares and/or Cash received from the Authorised Participant.

The SPC may attract other market participants as Authorised Participants if such other market participants indicate their willingness to so participate and the Adviser has agreed with the attraction of such new Authorised Participants.

#### *Market Making*

BCC Invest JSC is acting as a market maker on the Stock Exchange. Such activity will be performed in accordance with a market maker agreement signed between the Market Maker and the Stock Exchange.

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

#### **Settlement Amount**

The Settlement Amount is a combination of the Shares and Cash owned by the SPC less accrued but unpaid Expenses (if any); the Settlement Amount per ETN is equal to the Settlement Amount divided by the ETNs outstanding.

Accrued but unpaid Expenses (if any) will be deducted from the amount of Cash due to the ETN Holder. If the amount of Cash due to the ETN Holder is less than the amount of accrued but unpaid Expenses, then the SPC will decrease the number of the 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.

### **Maturity Date**

On the Maturity Date the SPC will pay the Settlement Amount to the ETN Holders in accordance with instructions received from the ETN Holders.

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

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

Each ETN Holder will be required to provide its banking and securities account details not later than 30 calendar days before the Maturity Date. Such instructions shall be submitted via brokerage companies being the participants of AIX CSD.

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/or Cash will be retained by the SPC in escrow. Such unclaimed Shares will be sold after 30 calendar 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 the retained Cash.

### **Early Termination Right**

With 30 calendar 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. Any such notification by the SPC of the Early Termination Right is irrevocable.

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

### **Redemption**

The Authorised Participant may submit an irrevocable request in accordance with and pursuant to the Authorised Participant Agreement (the "**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 on any Business Day not later than 12 p.m.

Once the Redemption Notice has been confirmed, such Authorised Participant shall transfer the ETNs to the SPC (in the amount specified in the Redemption Notice) and ensure that the SPC receives such ETNs not later than 3 p.m.

Each Redemption Notice shall contain bank and securities accounts details.

Upon the receipt of the ETNs, the SPC shall calculate the number of the Shares (corresponding to the number of the ETNs redeemed) and transfer these Shares to the Authorised Participant (together with a portion of the Cash held by the SPC prior to the Redemption request, which is calculated in an equal proportion to the ETNs submitted for redemption) and require AIX Registrar to cancel the ETNs redeemed.

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

### **Borrowing**

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

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

The SPC may at any time with the prior written consent of the Adviser extend the maturity of the ETNs with 30 days 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 of the other terms of the ETNs will remain the same.

**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.

The SPC will use all of its reasonable efforts to maintain the listing on AIX, but no assurance can be given that the listing on AIX will be maintained. In case if the listing of the ETNs on AIX is cancelled or suspended for any reason, the SPC is obliged to declare the Early Termination of all of the ETNs outstanding.

**Limitation of the liability of the SPC, Management Company, and Stock Exchange**

No obligation lies with the SPC towards the ETN Holders, except the obligation to repay the ETNs by paying the Settlement Amount, which is the Shares (with possible supplement of the Cash). The ETNs bear no principal or face value; therefore, the SPC is not obliged to pay any amount in cash.

The SPC is managed by the Management Company as described on page 29 to 30 of this Prospectus. In accordance with the Management Agreement concluded between the SPC and the Management Company, the Management Company is not liable for any obligations of the SPC and liability of the Management Company is limited only to direct losses of the SPC arisen as a result of willful misconduct and gross negligence by the Management Company.

The Stock Exchange being the ultimate beneficiary owner of the SPC and the Management Company has no obligations or any other liability towards the ETN Holders.

**Information published by the SPC**

The SPC will publish the following information on a daily basis on the Stock Exchange's website at [www.aix.kz](http://www.aix.kz):

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

**Notification to ETN Holders**

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

**Inquiries of ETN Holders**

All inquiries and requests of and from the ETN Holders (except notification of the Settlement Amount) shall be sent to the registered post 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**

The SPC may amend or change this Prospectus at any time with the prior written consent of the Adviser by the issuance of a supplementary prospectus.

**Financial information about the SPC**

The SPC was established on September 06, 2021 and has not yet conducted any financial or other business activities other than entering into the arrangements specified in this Prospectus. The further financial information is provided in the Section headed "Issuer/SPC" below at pages 28 to 29 of this Prospectus.

## RISK FACTORS

Your investment in the ETNs will involve risks. The ETNs are not secured debt and are riskier than ordinary unsecured debt securities. As described in more detail below, the trading price of the ETNs may vary considerably before the Maturity Date due to, among other things, fluctuations in the markets on which the 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.**

### RISK FACTORS RELATED TO THE ETNs

**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 Shares.
- You believe that the price of the Shares will decline during the term of the ETNs or the price of the Shares will not increase by an amount sufficient to meet your investment objectives.
- 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 market place or (as the case may be) the SPC exercises its Early Termination Right.
- You are not willing to accept the risk that you may lose some or all of your investment.
- You are not willing to actively and frequently monitor your investment in the ETNs.
- You do not have sufficient knowledge and experience to evaluate how the ETNs may perform under different conditions or the merits and risks of an investment in the ETNs.
- You do not understand the terms of the investment in the ETNs or are not familiar with the behavior of the 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 are not comfortable with creditworthiness of the SPC as an issuer of the ETNs.

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

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

The ETNs are fully exposed to any decline in the price of Shares. If the price of the Shares on the date of your sale is less than the price of the Shares at the date of your purchase and taking into account any coupon payments received by you, 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 NAV on the Maturity Date or the Redemption Date may be less than the NAV on the date of your purchase**

The NAV on the Maturity Date or the Redemption Date may be less than the NAV on the date of your purchase because the NAV is calculated based on the price of the Shares 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 the Shares received by the SPC after deductions. In case if no dividends will be paid under Shares, then the amount of the coupon on ETNs will be zero.

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

Any coupon paid by the SPC on the 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 aggregate amount of dividends declared and paid under Shares.

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

If the ETNs are excluded from the official list of AIX, all income on the 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 the 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 ETN Holders for tax purposes, as well as their market price.

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

In certain circumstances, the SPC may sell the Shares it owns to cover its Expenses. When the difference between the price of sale and the initial price of the Shares is positive, such positive amount may be considered as a revenue for the SPC and 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 may 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 not less than 30 calendar days' prior notice by exercising its Early Termination Right. If the SPC elects to redeem your ETNs pursuant to the exercise by the SPC of its Early Termination Right, you may not be able to reinvest at comparable terms or returns.

**Risk of changing interest rates**

The value of the Shares may decline when interest rates fall or rise. This decline can occur because the Shares are interest-sensitive securities and respective issuers of the Shares are financial institutions highly dependent on the interest rates.

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

Investing in the ETNs will not make you a holder of any rights or interests 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 volatility of the Shares (i.e., the frequency and magnitude of changes in the value of the Shares);
- the market price of the Shares;
- the volatility, earnings, financial conditions, corporate, industry and regulatory developments, and other events affecting the financial institutions whose common shares or depository instruments owned by the SPC as Shares;
- the prevailing prices and yields for the Shares;
- the time remaining to the maturity of the ETNs;
- the 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;
- the 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 liquidity of the market for the ETNs may vary materially over time and may be limited**

As stated in this Prospectus, the SPC will sell the Initial Amount of the ETNs to the Adviser. 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 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 any 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 the ETNs will rise or fall.

**There may not be an active trading market in the ETNs on AIX**

The ETNs are to be traded mainly on AIX. Despite the actions and efforts of AIX to intensify trading and the presence of a market maker, there can be no assurances that active trading on AIX will exist with significant liquidity. Even if active trading on AIX will exist, it may not provide significant liquidity or trade at prices advantageous to you. As a result, if you sell your ETNs on AIX, you may have to do so at a discount from your initial purchase price and you may suffer significant losses.

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

In its sole discretion, the SPC may decide to issue and sell the additional ETNs from time to time. Trades of the ETNs will be made at market prices prevailing at the time of sale. 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 the additional ETNs at any time, and if the SPC sells the additional ETNs, the SPC may limit or restrict such sales, and the SPC may stop and subsequently resume selling the additional ETNs at any time. The SPC may stop selling the additional ETNs for any reason. Furthermore, unless the SPC indicates otherwise, if the SPC suspends selling the additional ETNs, the SPC reserves the right to resume selling the 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 the ETNs can also result in a significant reduction in the number of the outstanding ETNs if the Authorised Participants subsequently exercise their right to have the ETNs redeemed by the SPC. If the total number of the outstanding ETNs has fallen to a level that is close to or below the Redemption Amount, the Authorised Participant may not be able to purchase enough ETNs to meet the minimum size requirement in order to exercise its 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 on AIX. The NAV and Settlement Amount are in the form of the Shares (with possible supplement of the Cash) and are 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 on AIX. In the absence of an active secondary market for the ETNs on AIX, 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 the ETNs in addition to those offered by this Prospectus having the same terms and conditions as the ETNs. However, the SPC may suspend issuance of the 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.

**Business activities of the SPC or its affiliates may create conflicts of interest or adversely affect the market value of the ETNs**

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

**The 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.

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

The SPC has been established on September 06, 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 the Permitted Assets 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 and Cash 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. The 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 case of its bankruptcy. The Custodian may not keep all of the Shares owned by the SPC itself but may use a network of sub-custodians which are not always a part of the same group of companies as the Custodian. The 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 Astana International Exchange Limited**

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

### **Risk related to the recommendations of the Adviser**

The Adviser is responsible for the recommendations on determination of the investment strategy and Permitted Assets. In certain circumstances the Adviser may recommend and the SPC may agree to change the Permitted Assets. Although such change in the Permitted Assets will be announced with the sufficient transition period, such decision may significantly influence the market price of the ETNs, the NAV and the market liquidity.

### **Risk related to the affiliation between the Adviser and issuer of Shares**

The Adviser is a wholly-owned subsidiary of Bank CenterCredit JSC. In accordance with the Advisory Agreement, BCC Invest JSC has agreed to act as an Adviser to the SPC. In this role the Adviser is responsible for the recommendations on determination of the investment strategy of the SPC, including the recommendations on the Permitted Assets. It is, therefore, possible that the Adviser may, in the course of advisory service, recommend to increase the weight of shares of Bank CenterCredit JSC in the assets of the SPC and the SPC may agree with such recommendation. Such situation has a potential conflict of interest and may negatively affect NAV, market price of ETNs and general liquidity.

### **Expenses to be reimbursed by the Adviser**

As at the date of this Prospectus, the Adviser has assumed an obligation to pay all of the Expenses of the SPC. Such Expenses may be agreed in advance between the SPC and the Adviser; but some of them may be extraordinary or unpredictable expenses (such as litigation or tax expenses), that may result in an increase of the obligation of the Adviser. In case if the Adviser fails to reimburse such Expenses and/or decides not to reimburse such Expenses to the SPC for any reason, then the SPC may use the Cash it owns and/or sell the Shares it owns to cover such Expenses. If the SPC uses its Cash and/or sells the Shares it owns, this will decrease the NAV and the market price of the ETNs. If the Adviser fails to reimburse the Expenses in full (provided the Total Expense Ratio is nil) or in part (provided the Total Expense Ratio is greater than nil), the Expenses of the SPC may exceed the Total Expense Ratio.

### **Risk related to the market maker activities**

Despite the fact that it is expected that a market maker for the ETNs will be appointed, which will provide bid and ask quotes for the ETNs, there can be no assurances that the volume of operations of the market maker or its conditions will satisfy the demand from investors. Taking into account that the ETNs will be traded mainly on AIX, in the absence of a bid and/or ask quotes from the market maker or in case of an insufficient volume of quotes from the market maker, liquidity can drop dramatically, which will also affect the market price of the ETNs.

### **Redemption of ETNs by the Settlement Amount**

The ETNs will be redeemed against a payment of the Settlement Amount by the SPC. The Settlement Amount is a combination of the Shares and Cash owned by the SPC, and at Maturity Date, Redemption Date, or upon the execution

of the Early Repayment Right by the SPC (as the case may be) you will receive the Shares, which might not be suitable investments for you. In some cases, the ETN Holders will be required to open accounts with a relevant broker/custodian to be able to receive the Shares.

### **Risk related to the Shares**

The recent global financial and economic crisis significantly affected the Kazakhstan banking system which continues to remain under stress with banks seeking to deleverage through partial repayments and debt restructurings. A number of distressed asset takeovers and mergers have occurred in the Kazakhstan banking sector. In addition, in the past several years the National Bank of Kazakhstan (“**NBK**”) (effective from 1 January 2020, the NBK’s powers in respect of issuing and revoking licences of banks have been transferred to the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market (“**ARDFM**”) revoked the licences of a number of banks of varying size. While, along with the NBK’s and subsequently the ARDFM’s measures to support the liquidity of financial institutions, such restructurings, consolidations and revocation of licences have contributed to the general stability of the Kazakhstan banking industry, the sector continues to operate in a challenging environment where further defaults or debt restructurings cannot be ruled out. A failure or default of any financial institution could lead to direct losses to the SPC (in case if it holds shares of such financial institution) or indirect losses (affecting the prices of Shares). Such losses will be reflected in decrease of NAV and market price of ETNs

## **USE OF PROCEEDS**

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

## **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.

## ISSUER / SPC

Kaz Financials SPC Limited, a special purpose company incorporated under the laws of the AIFC on September 06, 2021 and governed by the AIFC Special Purpose Company Rules adopted by the board of directors of the Astana Financial Services Authority (“**AIFC Rules No. GR0001 of 2017**”). The Legal Entity Identifier (the “**LEI**”) code of the SPC is 254900GFBHKW58ISWU55. 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 is expected to issue exchange traded notes linked to the performance of various underlying assets where such notes are intended to be listed and traded on the Stock Exchange.

### **Main business purpose**

Kaz Financials SPC Limited is incorporated with the principal business purpose of issuing and maintaining the ETNs, the purchase of which will enable the ETN Holders to participate in the performance (i.e., gains or losses) of the Shares.

### **Legal form**

Kaz Financials SPC Limited is incorporated in the form of a special purpose company in accordance with the AIFC Rules No. GR0001 of 2017.

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

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

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

- (a) the issuance of exchange traded notes and conducting of any other transactions involving exchange traded notes;
- (b) the acquisition (by way of leasing, title transfer, risk transfer or otherwise), the holding and the disposal of any asset (tangible or intangible, including, for example, receivables and shares) in connection with and for the purpose of the transactions referred to in paragraph (a) above;
- (c) the obtaining of any type of financing (banking or capital markets), the granting of any type of security interest over its assets, the providing of any indemnity or similar support for the benefit of its shareholders or any of its subsidiaries, or the entering into any type of hedging arrangements, in connection with and for the purpose of 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 30 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 from the Initial Purchaser with the approximate value of 100,000,000 KZT in exchange for the ETNs pursuant to and in accordance with the Initial Purchaser Agreement.

### *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 Initial Purchaser 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) U.S. Dollar.

### *Profit and loss statement*

As at the date of this Prospectus, the profit and loss statement of the SPC reflects only accrued expenses under agreements with third-parties, as well as accrued receivables from the Adviser in the same amount.

### *Prospects of the Issuer*

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

### **Auditor**

The SPC has appointed Russell Bedford A+ Partners as its Auditor. The Auditor holds the licence for providing Audit and Accountancy Services issued by the Astana Financial Services Authority under number AFSA-A-LA-2020-0024. In accordance with the Agreement No 12 to conduct an audit, Russell Bedford A+ Partners will perform the function of an external auditor of the SPC for the 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) through Regulatory Announcement Service 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. 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, including by way of outsourcing of the relevant services from AIX and others, provide, supply, and render such management, administrative, and operational support services that are necessary to be provided 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, 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 this 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 telecoms;
- 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 the ETNs issued by the SPC from the Authorised Participant;
- to exclusively receive and process all orders for disposal of Redemption Amounts of the ETNs issued by the SPC from the 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.

#### *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 U.S.\$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 entities:

- the Management Agreement with AIX FM;
- the agreement with AIX Registrar for keeping the register of the ETNs;
- the Initial Purchaser Agreement with the Initial Purchaser;
- the Advisory Agreement with the Adviser; and
- the Authorised Participant Agreement with the Authorised Participant.

#### *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 5, 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. Bennett 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 Schroders. 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.

#### *The Adviser*

BCC Invest Joint Stock Company (the “**BCC Invest**”) was incorporated in the Republic of Kazakhstan on June 18, 2003 according to the legislation of the Republic of Kazakhstan. BCC Invest is regulated by the Agency of the Republic of Kazakhstan for regulation and development of financial market and conducts its business under the License on investment portfolio management No.0403200488, issued on July 31, 2006 and the License on broker/dealer activity on the stock market with the right to maintain customer accounts as a nominal holder No.3.2.235/12 issued on July 10, 2018.

The BCC Invest’s primary business consists of brokerage services, market-making, nominal holder services, underwriting, corporate financing, financial consulting services and management of assets of mutual funds according to the legislation of the Republic of Kazakhstan. BCC Invest is entitled to invest in assets on behalf of customers and on its own behalf.

The registered office of BCC Invest is located at 98 Panfilov Street, Almaty.

As of October 01, 2021, 100% of the issued shares of BCC Invest are owned by JSC Bank CenterCredit, Kazakhstan.

#### Management Board of the Adviser

Daniyar Shayakhmetov is the CEO of BCC Invest from 24 September 2021.

#### Previous experience:

2012-2017 BRB Invest LLP - Managing Director.

2013-2016 Bank CenterCredit JSC - Deputy Head of the Office of the Board of Directors - Assistant W.

2016-present Bank CenterCredit JSC - Advisor to the Board of Directors.

2016-2021 Orient Invest Group JSC - Vice President.

2017-2021 BRB Invest LLP - General Director.

Alexander Dronin is the Deputy CEO of BCC Invest. Has experience in the financial sector since 2003. Alexander has an extensive experience in risk management, IT project management. For a long time, he led the divisions for internal control, strategic development and management accounting. He has rich experience in crisis management projects, investment projects, start-ups, business expansion and tax consulting.

Viktor Kyshpanakov is the Deputy CEO of BCC Invest. Has been working in the financial and capital markets sectors since 1989. Ph.D. in Economics. Category I qualification certificate - execution of works on conclusion of transactions with securities, category III qualification certificate - portfolio management work. Member of the KASE exchange council, Chairman of the KASE listing commission.

Alibek Urazakov is the Deputy CEO of BCC Invest. Has experience in capital markets since 2007. Alibek supervises the management of the company's own capital, the assets of individual clients and investment funds, including the IPIF "Razumnyi Balans".

## **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 Issuer has been established recently and has no investments as at 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 Issuer has been established recently and has no investments as at 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 Issuer is planning to hold the Permitted Assets only, including the Shares. Financing of acquisition of the Shares will be carried out at the expense of the funds attracted via the issuance of the ETNs.

### *Actual and proposed business activities*

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

(a) the history of the Issuer – the Issuer has been incorporated on September 06, 2021 and has no history of operations.

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

(d) a description of, and key factors relating to, the nature of the Issuer's operations and its principal activities, specifying the main categories of products sold and/or services performed for each financial year for the period covered by the historical financial information - Principal activity of the Issuer – issuance of the Exchange Traded Notes as described in the Prospectus; historical information is 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 Issuer is planning to issue the 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 Issuer has no principal markets as at 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 Issuer 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 Issuer 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 Issuer has been incorporated recently.

(b) If:

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

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

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

at the date of the Prospectus.

#### *Constitution*

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

(a) a description of the Issuer's objectives and purpose and where they can be found in the constitution – for a brief description of the Issuer's objectives, purposes and its Articles of Association please refer to the page 28 of the Prospectus.

#### *Group Structure*

All of the material information about the group and the management of the Issuer is described above, on pages 28 to 32 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 Issuer entered into the following material contracts: the Authorised Participant Agreement, the Management Agreement and the Initial Purchaser Agreement. Brief summaries of these material contracts were provided above.

#### *Share capital*

The amount of issued share capital is described on page 29 of the Prospectus.

#### *Corporate governance*

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

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

Not applicable since the Issuer has been established on September 06, 2021.

#### *Connected Persons*

The Issuer has been incorporated in the form of a special purpose company with AIX FM acting as a corporate Director. Details of persons controlling the Issuer are described on pages 28 to 32 of the Prospectus.

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

As at 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 Issuer, which may have or have had a significant impact on the Issuer and/or its group's financial position or profitability.

#### *Documents for inspection*

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

(a) Articles of Association of the Issuer;

(b) this Prospectus.

*Reasons for the offer*

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

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

*Creditworthiness of the Issuer*

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

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

The Issuer will pay the standard fees of AIX related to the listing and admission to trading of the 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, coupons and distributions to be received by the SPC**

Dividends, interest and capital gains (if any) which the SPC receives with respect to Securities 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 and/or Managing Company 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 THE UNITED STATES OR ANY OTHER 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 UNITED STATES SECURITIES ACT 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR SECURITIES LAWS OF ANY JURISDICTION, AND THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY WITHIN THE UNITED STATES, TO, OR FOR THE ACCOUNT OR BENEFIT OF US PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT) OR 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, INCLUDING THE U.S. SECURITIES LAWS.

THIS PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR U.S. ADDRESS. 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:** In order to be eligible to view this Prospectus or make an investment decision with respect to the said securities, prospective investors must be either (1) Qualified Institutional Buyers (“QIBs”) (within the meaning of Rule 144A (“Rule 144A”) under the U.S. Securities Act) or (2) non-U.S. persons (as defined in Regulation S under the U.S. Securities Act (“Regulation S”)) located outside the United States. This Prospectus is being sent to you at your request and, by accessing this Prospectus, you shall be deemed to have represented to the Issuer that you consent to 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 sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Managing Company or any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer.

## GENERAL PROVISIONS

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

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

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

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

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

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

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

The language of this Prospectus is English.

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

## ENFORCEABILITY OF CIVIL LIABILITIES AND CERTAIN LEGAL MATTERS

### Enforceability of Civil Liabilities

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

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

## GOVERNING LAW

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

## ARBITRATION

Any claim, dispute, controversy or difference of whatever nature arising under, out of or in connection with the Notes (including a claim, dispute, controversy or difference regarding validity, interpretation, performance, breach or termination of any Notes or any non-contractual obligations arising out of or in connection with the Notes) (a “**Dispute**”), shall be referred to and finally settled by arbitration administered by the International Arbitration Centre of the Astana International Financial Centre (“**IAC**”) in accordance with the IAC Arbitration and Mediation Rules (the “**Rules**”) in force on the date on which the Request for Arbitration is filed with 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 defense was raised for the purpose of applying any limitation bar or any similar rule or provision.

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

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

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

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

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

## **RIGHTS OF THIRD PARTIES**

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

## **BINDING NATURE OF THE PROSPECTUS**

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

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

All subsequent written and oral forward-looking statements attributable to the Issuer and those acting on behalf of the Issuer are expressly qualified in their entirety by this Section. Before making an investment decision prospective 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, having made all the reasonable enquiries, accepts responsibility for this Prospectus (in accordance with Section 69 of the AIFC Framework Regulations №18 of 2018 and Part 1 of the AIFC Market Rules №FR0003 of 2017) and confirms that this Prospectus complies with the requirements set out in Section 69 of the AIFC Framework Regulations №18 of 2018 and Part 1 of the AIFC Market Rules №FR0003 of 2017 and contains all information which is material in the context of the issue of the Notes, that the information contained in this Prospectus is correct to the best of its knowledge and that no material facts or circumstances have been omitted.** Because the performance of the Shares directly affects the value and price of the ETNs potential investors should review information about the Shares to purchasing any ETNs.

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.