

## “UAPF” JSC

### Information on pension assets investment management in December 2015

As of January 01, 2016 the pension assets (further – PA) of “UAPF” JSC under the management of the National Bank of RK amounted to KZT 5 831.46 bln<sup>1</sup>.

#### Pension assets portfolio

**Table 1.** Structure of UAPF PA assets by financial instruments and their shares

Financial instrument	Current value in bln KZT on 01.12.2015.	Share on 01.12.2015	Current value in bln KZT on 01.01.2016	Share on 01.01.2016	Growth/loss of PA
Government securities of RK	2 544.20	45.01%	2 631.84	45.13%	3.44%
Foreign government securities	51.95	0.92%	50.67	0.87%	-2.48%
IFO	86.62	1.53%	84.92	1.46%	-1.95%
Corporate bonds of RK emitters	2 175.98	38.49%	2 212.56	37.94%	1.68%
Corporate bonds of foreign emitters	149.84	2.65%	165.76	2.84%	10.63%
PPN	51.84	0.92%	53.47	0.92%	3.13%
Shares and depository receipts of RK emitters	116.49	2.06%	113.09	1.94%	-2.92%
Shares and depository receipts of foreign emitters	13.62	0.24%	13.55	0.23%	-0.47%
Deposits	382.77	6.77%	363.93	6.24%	-4.92%
REPO	2.45	0.04%	51.32	0.88%	1992.17%
Cash on investment account	37.17	0.66%	76.32	1.31%	105.32%
Other assets (accounts receivable <sup>2</sup> , past-due debt, provisions)	40.20	0.71%	14.03	0.24%	-65.10%
<b>PA Total under management of NBRK</b>	<b>5 653.13</b>	<b>100.00%</b>	<b>5 831.46</b>	<b>100.00%</b>	<b>3.15%</b>
Cash on benefit payment accounts	1.81		3.16		
<b>PA Total</b>	<b>5 654.94</b>		<b>5 834.62</b>		<b>3.18%</b>

Average yield to maturity of the Fund’s PA allocated on its members accounts in 2015 was 15.65%.

**Table 2.** Share distribution of PA investment portfolio of UAPF by financial instruments

Financial instrument	Share on 01.01.2016.
Debt financial instruments	96.28%
Share financial instruments	2.17%
Cash	1.31%
Other assets (receivables, past due debts, provisions)	0.24%
<b>PA Total under management of NBRK:</b>	<b>100.00%</b>

Average yield to maturity of the debt instruments in the Fund’s PA investment portfolio on January 01, 2016 was 10.12% per annum.

<sup>1</sup> less cash on payment accounts in amount of KZT 3.16 bln.

<sup>2</sup> accounts receivable include amounts to receive on interest and/or principle debt on coupon date, but not maturity date in accordance with prospectus of share issue.

### UAPF PA investment of the last month

In the end of 2015 the National Bank of the Republic of Kazakhstan made decision to invest pension assets only into the Government securities of the Republic of Kazakhstan. This decision was upheld by the Economic Policy Council.

This investment strategy is temporary and shall be valid till decision making by the National Fund Management Council of the Republic of Kazakhstan that starting from January 01, 2016 determines investment patterns of UAPF pension assets pursuant to the Law of the Republic of Kazakhstan dated June 21, 2013 №105-V “About pension provision in the Republic of Kazakhstan”.

#### **Government securities of the Republic of Kazakhstan**

Government securities of RK take main share of UAPF PA portfolio. In the report month their amount was increased by KZT 87.64 bln and came to KZT 2 631.84 bln. They took 45.11% of the portfolio.

Within the report month there was purchase of the short-term Government securities of RK in amount of KZT 543.00 bln with average YTM 11.95% per annum.

There was repayment of short-term Government securities of RK in nominal amount of KZT 477.65 bln. No sale took place in report period.

Average yield to maturity of the Government securities of RK in UAPF PA portfolio decreased from 10.97% to 10.66%.

#### **Foreign government securities**

Amount of foreign government securities came to KZT 50.67 bln. Their share in the portfolio came to 0.87%.

There was repayment of foreign government securities in report period in amount of KZT 6.8 bln.

Neither purchase nor sale of foreign government securities took place in the report period.

Within the report period average yield to maturity of foreign government securities in the PA portfolio increased from 4.58% to 5.18 % per annum.

#### **IFO Bonds**

Amount of IFO bonds was decreased by KZT 1.70 bln and came to KZT 84.92 bln. Their share came to 1.46% of portfolio.

In the report month there was redemption of the IFO bonds on nominal amount of KZT 2.16 bln.

Neither sale nor purchase of IFO bonds took place.

Average yield to maturity of the IFO bonds in UAPF PA portfolio came to 7.28% per annum.

#### **Deposits in the second tier banks of the Republic of Kazakhstan**

In the period amount of STB deposits decreased by KZT 18.84 bln and came to KZT 363.93 bln. Their share came to 6.24%.

Within report period there was redemption in amount of KZT 17.00 bln. No deposits were allocated.

Average yield to maturity of STB deposits in PA portfolio was 8.81% per annum.

#### **Corporate bonds of RK emitters**

In the report month amount of corporate bonds of RK emitters increased by KZT 36.58 bln and came to KZT 2 212.56 bln. Their share came to 37.94%.

There was repayment of corporate bonds of RK emitters in amount of KZT 8.94 bln. Neither purchase nor sales took place within the report period.

Average yield to maturity of corporate bonds of RK emitters came to 8.52%.

#### **Foreign corporate bonds**

In the report period amount of foreign corporate bonds increased by KZT 15.92 bln and came to KZT 165.76 bln. The share came to 2.84%.

In the report period there was a redemption of the foreign corporate bonds of nominal value of KZT 431.10 mln.

There were no other transactions with foreign corporate bonds in the report period.

Average yield to maturity of corporate bonds emitters in PA portfolio was 7.45% per annum.

### **PPN (structured notes) of foreign emitters**

PPN (structured notes) amount in the report period amounted to KZT 53.47 bln with share in portfolio of 0.92%.

In the report period no PPN (structured notes) transactions took place.

### **Shares and depository receipts of RK emitters**

In the report period amount of shares and depository receipts of RK emitters decreased by KZT 3.4bln and amounted to KZT 113.09 bln. The share came to 1.94% of the portfolio.

In the report period there were neither sales nor purchase of shares of RK emitters.

### **Foreign shares and depository receipts**

In the report period amount of foreign shares and depository receipts decreased by KZT 0.07 bln and amounted to KZT 13.55 bln. Their share in portfolio came to 0.23%.

There were neither sales nor purchases of these instruments in the period.

### **Structure of PA portfolio by currencies**

**Table 3.** Structure of UAPF PA portfolio by currency types

Currency	Current value in bln KZT on 01.12.2015, KZT bln	Share on 01.12.2015	Current value in bln KZT on 01.01.2016, KZT bln	Share on 01.01.2016	Growth / loss in the last month
National currency	4 752.42	84.07%	4 840.72	83.01%	1.82%
US Dollars	861.55	15.24%	950.91	16.31%	10.37%
Russian Rubles	29.24	0.52%	29.30	0.50%	0.19%
Malaysian Ringgits	4.38	0.07%	4.82	0.08%	10.17%
Brazilian Real	2.60	0.05%	2.81	0.05%	8.10%
UK Pounds	1.61	0.03%	1.53	0.03%	-4.73%
Euro	1.33	0.02%	1.37	0.02%	3.55%
<b>Total</b>	<b>5 653.13</b>	<b>100.00%</b>	<b>5 831.46</b>	<b>100.00%</b>	<b>3.12%</b>

### **Investment results**

In December 2015 accrued investment income of UAPF pension assets amounted to KZT 135.42 bln.

Structure of investment income / loss:

- ✓ Investment income on deposits in second tier banks – KZT 2.65 bln.
- ✓ Investment income on securities - KZT 126.18 bln.
- ✓ Investment income on foreign currency accounts - KZT 6.59 bln.

Growth rate of UAPF nominal pension unit in December 2015 came to 2.28%

## Compliance with investment declaration parameters

Structure distribution of UAPF PA in the trust management complies with requirements of the SAPF Investment declaration. Shares of foreign currencies positions are within permitted levels and do not violate requirements of the UAPF Investment declaration.

**Table 5.** List and limits of investment objects as of 01.01.2016

№	Financial instruments	Actual value (in % of pension assets)	Requirement performance (yes / no)
<b>Cash</b>		<b>1.31%</b>	yes
<b>Debt instruments</b>		<b>89.29%</b>	yes
1	Government securities of RK (including emitted in accordance with legislation of other countries) issued by MinFin of RK and National Bank of RK as well as securities guaranteed by the Government of RK including reverse REPO securities.	46.01%	yes
2	Securities with status of Government's issued by foreign central governments including:	0.87%	yes
	1) with sovereign rating of no less than BBB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies	0.02%	yes
	2) with sovereign from BBB- to B on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	0.85%	yes
3	Bonds issued by local executive bodies of RK included into official list of KASE	0.00%	yes
4	Non-Government debt securities of RK emitters except second tier banks including:	10.70%	yes
	1) debt securities with rating of no less than B- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies. or rating of no less than kzB on the national scale of Standard & Poor's or rating of same level of one of the other rating agencies	0.00%	yes
	2) debt securities issued by subject of quasi-public sector;	8.83%	yes
	3) infrastructure bonds of organizations of the Republic of Kazakhstan with Government guaranty included into the official list of KASE	0.47%	yes
	4) debt securities included into the official list of KASE	1.40%	yes
5	debt securities issued by international finance organizations: – International Bank of Reconstruction and Development; – European Bank of Reconstruction and Development; – Interamerican Development Bank; – Bank for International Settlements; – Asian Development Bank; – African Development Bank; – International Finance Corporation; – Islamic Development Bank; – European Investment Bank; – Eurasian Development Bank.	1.46%	yes
6	Non-Government debt securities issued by foreign organizations including:	2.66%	yes
	1) with rating no less than BBB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies;	0.13%	yes
	2) with rating from «BBB-» to «B» on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	2.53%	yes
7	Principal protected notes. issued by organizations with rating of no less «A-» on international scale of Standard & Poor's or rating of same level of one of the other rating agencies	0.57%	yes
<b>Share instruments</b>		<b>2.17%</b>	yes

	Share securities issued by organizations of the Republic of Kazakhstan and foreign organizations including :	2.17%	yes
8	1) ordinary and preferred shares issued by organizations of the Republic of Kazakhstan, depositary receipts issued by organizations of the Republic of Kazakhstan	1.94%	yes
	2) ordinary and preferred shares issued by foreign organizations, depositary receipts issued by foreign organizations of the Republic of Kazakhstan	0.23%	yes
<b>Financial instruments of second tier banks including deposits</b>		<b>33.95%</b>	yes
<b>Other instruments</b>		<b>0.00%</b>	yes
10	Refined precious metals meeting international quality standards. accepted by London bullion market association) and indicated on the documents of this association as «London good delivery») standard and metallic deposits including in non-resident banks with rating of no less than «AA» of «Standard&Poor's» or rating of similar level of other rating agencies on term of no less than twelve months	0.00%	yes
	Derivatives including but not limited with option, forward, swop, futures with basic asset being financial instruments permitted to purchase on account of pension assets, foreign currency and indices:	0.00%	yes
	1) in case if derivatives are used for investment risk hedging;	0.00%	yes
11	2) Indices: 1. MICEX (Moscow Interbank Currency Exchange Index); 2. DAX (DeutscherAktienindex); 3. CAC 40 (Compagnie des Agents de Change 40 Index); 4. NIKKEI - 225 (NIKKEI - 225 Index); 5. TOPIX (TokyoPriceIndex); 6. HSI (HangSengIndex); 7. ENXT 100 (Euronext 100); 8. RTSI (Russian Trade System Index); 9. DJIA (Dow Jones Industrial Average); 10. S&P 500 (Standard and Poor's 500 Index); 11. FTSE 100 (Financial Times Stock Exchange 100 Index); 12. KASE (KazakhstanStockExchange); 13. MSCI World Index (Morgan Stanley Capital International World Index).	0.00%	yes
<b>FX net position</b>		<b>16.99%</b>	yes
12	Open FX position in USD, Euro, UK pounds	16.36%	yes
13	Open FX position in other currencies	0.63%	yes