

Information of the Pension Assets Investment Management of the Unified Accumulative Pension Fund Joint Stock Company (UAPF JSC)

As of May 01, 2021 UAPF JSC pension assets (hereinafter referred to as PA) under fiduciary management of the National Bank of RK (hereinafter, NBRK) amounted to KZT 12,593.67 bln¹.

Structure of UAPF PA investment portfolio is presented in Table 1.

Table 1. Structure of UAPF PA investment portfolio under fiduciary management of the National Bank of RK by financial instruments

KZT bln

Name	Current Value as of 01/01/2021	Share as of 01/01/2021	Current Value as of 01/05/2021	Share as of 01/05/2021	Increase/Decrease from the Beginning of the Year
Government securities of MF RK	5,648.40	43.80%	5,292.61	42.03%	-6.30%
Notes of NB RK	81.65	0.63%	-	0.00%	-100.00%
Foreign government securities	1,280.10	9.93%	1 403.66	11.15%	9.65%
IFO	531.43	4.12%	531.71	4.22%	0.05%
Corporate bonds of RK issuers	29.80	0.23%	27.08	0.22%	-9.13%
Bonds of quasi-public organizations of RK	1,821.67	14.13%	1,756.42	13.95%	-3.58%
Bonds of second tier banks of RK	1,158.49	8.98%	1,049.25	8.33%	-9.43%
Corporate bonds of foreign issuers	6.89	0.05%	4.91	0.04%	-28.72%
Bonds of foreign quasi-public organizations	256.44	1.99%	98.67	0.78%	-61.52%
PPN	33.34	0.26%	11.10	0.09%	-66.69%
Shares and depository receipts of RK issuers	294.31	2.28%	356.64	2.83%	21.18%
Shares and depository receipts of foreign issuers	30.50	0.24%	0.20	0.00%	-99.35%
Deposits	251.71	1.95%	248.86	1.98%	-1.13%
NBRK Deposits	332.19	2.58%	124.00	0.98%	-62.67%
Deposits in foreign banks	282.90	2.19%	372.97	2.96%	31.84%
Cash on investment accounts	12.02	0.09%	124.44	0.99%	934.86%
REPO	26.25	0.20%	53.31	0.42%	103.12%
Assets under external management	816.53	6.33%	1,134.51	9.01%	38.94%
Other assets (accounts receivable ² , arrears, provisions).	0	0%	3.33	0.03%	
Total PA under fiduciary management of NBRK	12,894.60	100.00%	12,593.67	100.00%	-2.33%
Cash on contribution and benefit payment accounts	22.51		9.07		
Total Pension Assets	12,917.11		12,602.74		

As of 01.05.2021 the weighted average yield to maturity (YTM) of debt financial instruments in the UAPF PA investment portfolio amounted to 7.5% per annum, including those denominated in KZT - 9.3% per annum, in foreign currency – 1.5% per annum.

Government securities of the Ministry of Finances of the Republic of Kazakhstan

The main part of UAPF PA portfolio is occupied by the Government Securities of the Ministry of Finances of RK with the current value of KZT 5,292.61 bln decreasing by KZT 212.64 bln. Their share in the portfolio amounted to 42.03%.

¹ less cash on contribution and benefit payment accounts.

² accounts receivable include amounts receivable for interest and / or principal for which the date of commencement of repayment of the debt by the issuer has come in accordance with the terms of the prospectus for the issue of a financial instrument, as well as cash receivable from the sale of FI

Within the period the Government Securities of the Ministry of Finances of RK were redeemed in amount of KZT 81.34 bln, and the Government Securities of the Ministry of Finance of the Republic of Kazakhstan were sold in the amount of KZT 101.59 bln. No GS of the Ministry of Finances of RK were acquired.

As of the reporting date, the average yield to maturity of KZT nominated government securities of RK in UAPF PA portfolio is 8.8% per annum, while those nominated in USD – 4.2% per annum.

Notes of the National Bank of the Republic of Kazakhstan

The current value of the notes of the National Bank of the Republic of Kazakhstan as of the reporting date amounted to KZT 3.80 bln. There were no sales, and purchases of the notes of the National Bank of the Republic of Kazakhstan.

Foreign government securities

The current value of government securities of foreign states for the reporting month increased by KZT 381.59 bln and amounted to KZT 1,403.66 bln. Their share in the portfolio was 11.15%.

In the period under review, as part of the transition to index management in accordance with clause 27 of the UAPF Investment Declaration, government securities of foreign states in the total amount of KZT 70.58 bln were sold, as well as the repayment of government securities of foreign states in the total amount of KZT 44.18 bln.

In the period under review, short-term US government securities were purchased in the amount of KZT 485.04 bln with a yield of 0.04% per annum.

The weighted average yield to maturity of the foreign government securities in the UAPF PA portfolio as of the reporting date was 0,3% per annum.

Bonds of international financial organizations

The current value of bonds of international financial organizations for the reporting month increased by KZT 2.03 bln and amounted to KZT 531.71 bln. Their share in the portfolio was 4.22%.

In the period under review, there were no purchases, redemptions or sales of securities of international financial organizations.

The weighted average yield to maturity on bonds of international financial organizations, denominated in KZT, with a fixed interest rate was 9.9% per annum, with an indexed interest rate - inflation and premium, and in US dollars - 5.0% per annum.

Deposits in second-tier banks of the Republic of Kazakhstan

The current value of deposits in STBs of the Republic of Kazakhstan with a weighted average maturity of 3.37 years increased by KZT 0.61bln during the reporting month and amounted to KZT 248.86 bln. Their share in the portfolio was 1.98%.

There were no placements and redemption of deposits in STBs of the Republic of Kazakhstan.

The weighted average yield to maturity of deposits of STB RK as of the reporting date was 9.1% per annum.

Deposits in foreign banks

The current value of deposits in foreign banks as of the reporting date amounted to KZT 372.97 bln. Their share in the portfolio was 2.96%.

In the reporting month, deposits in foreign banks were repaid for the total amount of KZT 448.87 bln.

In the period under review, in order to maintain the return of the foreign exchange portfolio, deposits with foreign banks with maturities from 1 day to 2 months, denominated in US dollars, were placed in the amount of 404.22 billion tenge with an average weighted yield of 0.12% per annum.

Deposits in the National Bank of the Republic of Kazakhstan

The current value of deposits with the National Bank of the Republic of Kazakhstan as of the reporting date amounted to KZT 124.00 bln. Their share in the portfolio was 0.98%.

In the reporting month, within the framework of current liquidity management in order to maintain return on pension assets, investments were made in the deposits of the National Bank of the Republic of Kazakhstan. The average volume of transactions amounted to KZT 91.00 bln with an average weighted yield of 8.00% per annum.

Corporate bonds of issuers of the Republic of Kazakhstan

The current value of corporate bonds of RK issuers for the reporting month increased by KZT 0.25 bln and amounted to KZT 27.08 bln. Their share in the portfolio was 0.22%.

In the period under review, there were no purchases, sales or redemption of corporate bonds of RK issuers.

Bonds of quasi-public organizations of the Republic of Kazakhstan

The current value of bonds of quasi-public organizations of the Republic of Kazakhstan for the reporting month decreased by KZT 37.48 bln and amounted to KZT 1,756.42 bln. Their share in the portfolio was 13.95%.

In the reporting period, as part of the transition to index management in accordance with clause 27 of the UAPF Investment Declaration, bonds of Bank for Development of Kazakhstan JSC were sold in the amount of KZT 41.11 bln. There were no redemptions and purchases of securities of quasi-state organizations of the Republic of Kazakhstan.

As of the reporting date, the weighted average yield to maturity on bonds of quasi-government organizations of the Republic of Kazakhstan, denominated in tenge, amounted to 10.8% per annum, in US dollars – 6.6% per annum.

Bonds of second-tier banks of the Republic of Kazakhstan

The current value of bonds of STB RK for the reporting month decreased by KZT 13.33 bln and amounted to KZT 1,049.25 bln. Their share in the portfolio was 8.33%.

In the period under review, in accordance with the terms of the issue, bonds of First Heartland Jysan Bank JSC were redeemed in the amount of KZT 17.96 bln. There were no purchases of bonds of STB RK.

As of the reporting date, the weighted average yield to maturity on bonds of STB RK amounted to 10.0% per annum.

Corporate bonds of foreign issuers

The current value of corporate bonds of foreign issuers for the reporting month amounted to KZT 4.91 bln. Their share in the portfolio was 0.04%.

There were no purchase, sale, and redemption of corporate bonds of foreign issuers.

The weighted average yield to maturity of corporate bonds of foreign issuers in the UAPF PA portfolio as of the reporting date was 9.0% per annum.

Foreign bonds of the quasi-public sector

The current value of bonds of foreign issuers of the quasi-public sector for the reporting month decreased by KZT 108.06 bln and amounted to KZT 98.67 bln. Their share in the portfolio was 0.78%.

In the reporting period, as part of the transition to index management in accordance with clause 27 of the UAPF Investment Declaration, bonds of foreign issuers of the quasi-public sector were sold for a total amount of KZT 122.16 bln. There were no purchases or redemption of bonds of foreign issuers of the quasi-public sector.

The weighted average yield to maturity of bonds of foreign issuers of the quasi-public sector in the UAPF PA portfolio as of the reporting date was 4.8% per annum

PPN (structured notes) of foreign issuers

The current value of PPN (structured notes) of foreign issuers in the reporting month amounted to KZT 11.10 bln. Their share in the portfolio was 0.09%.

There were no sales, redemptions, and purchases of PPNs (structured notes) by foreign issuers.

Shares and depository receipts of issuers of the Republic of Kazakhstan

The current value of shares and depository receipts of RK issuers for the reporting month increased by KZT 16.72 bln and amounted to KZT 356.64 bln. Their share in the portfolio was 2.83%. There were no purchases and sales of shares and depository receipts of RK issuers.

Shares and depository receipts of foreign issuers

The current value of shares and depository receipts of foreign issuers for the reporting month decreased by KZT 13.89 bln and amounted to KZT 0.20 bln. Their share in the portfolio was 0.002%.

In the reporting period, as part of the phased transfer of pension assets to external management companies, shares and depository receipts of foreign issuers totaling KZT 14.31 bln were transferred.

In the reporting period, there were no purchases of shares and depository receipts of foreign issuers.

Currency structure

The investment portfolio of financial instruments broken down by currencies in which financial instruments purchased using the UAPF's pension assets are denominated is presented in Table 2.

In the reporting period, there were no sale and purchase transactions with foreign currency on the Kazakhstan Stock Exchange.

Table 2. Structure of UAPF PA investment portfolio under fiduciary management of NBRK, by currencies
KZT bln

Currency	Current Value as of 01/01/2021	Share as of 01/01/2021	Current Value as of 01/05/2021	Share as of 01/05/2021	Increase/Decrease from the Beginning of the Year
National Currency	9,143.27	70.91%	8,581.88	68.14%	-6.14%
US dollar	3,726.85	28.90%	3,993.29	31.71%	7.15%
Russian ruble	17.48	0.14%	17.94	0.14%	2.60%
Other currencies	7.00	0.05%	0.57	0.00%	-91.89%
Total:	12,894.60	100.00%	12,593.67	100.00%	-2.33%

Investment results

As a result of investment activities, as well as due to the volatility of foreign exchange rates and changes in the market value of financial instruments, the amount of accrued investment income from the beginning of 2021 amounted to KZT 488.52 bln. The return on pension assets of the UAPF, distributed to the accounts of contributors (beneficiaries) for 2021, amounted to 3.80% with inflation of 2.70%. Thus, the real return on the UAPF's pension assets amounted to 1.10%.

At the same time, as of May 1, 2021, the profitability of pension assets for the last 12 months (from May 2020 to April 2021) for contributors (beneficiaries) of the UAPF was 9.76% with inflation of 7.00%. Thus, over the past 12 months, the real return on the UAPF's pension assets amounted to 2.76%.

The structure of accrued investment income for the specified period is presented in Table 3.

Table 3. Structure of investment income received by UAPF PA, which are in fiduciary management of the NBRK
KZT bln

Description	Investment return of 2021
Income in the form of interest on securities, including on placed deposits and reverse REPO operations.	284.76
Income (loss) from market revaluation of securities	26.47
Income (loss) from revaluation of foreign currency	49.23
Income (loss) on assets under external management	64.15
Other income (loss)	63.91
Total:	488.52

Information on compliance with investment declaration parameters

The structural distribution of UAPF PA under fiduciary management complies with requirements of the UAPF Investment Declaration³. Shares of FX positions are within permitted levels and do not violate requirements of the UAPF Investment Declaration. Information on compliance with UAPF PA investment limits as of May 01, 2021 is presented in Table 4

Table 4. UAPF PA Investment limits

No.	Financial Instrument Type	Actual Value (Expressed as Percentage from the PA)	Compliance (Yes/No)
	Cash KZT	0.02%	yes
	Cash in foreign currency	0.97%	yes
1	Kazakhstani issuers:	67.96%	
1.1	Government securities of the Republic of Kazakhstan issued by the Ministry of Finance of the Republic of Kazakhstan, the National Bank of the Republic of Kazakhstan	42.03%	yes
1.1.1	Government securities of the Republic of Kazakhstan issued by local executive bodies of the Republic of Kazakhstan	0.0%	yes
1.2	Deposits of the National Bank of the Republic of Kazakhstan	0.98%	yes
1.3	Securities of the quasi-public sector entities	15.52%	yes
1.4	Financial instruments of second-tier banks of the Republic of Kazakhstan with a rating of a security and / or issuer not lower than "B" according to the international scale of Standard & Poor's agency or a rating of a similar level from one of the other rating agencies, including:	9.17%	yes
1)	Debt securities	6.40%	yes
2)	Equity securities	0.96%	yes
3)	Deposits	1.82%	yes
1.5	Non-government debt securities, with the exception of debt securities of entities of the quasi-public sector and second-tier banks of the Republic of Kazakhstan, having a rating of a security and / or issuer not lower than "B-" according to the international scale of Standard & Poor's or a rating of a similar level of one from other rating agencies	0.00%	yes
1.5.1	Non-government debt securities issued under the guarantee and / or guarantee of the Government of the Republic of Kazakhstan	0.0%	yes
1.6	Non-government equity securities, with the exception of equity securities of quasi-public sector entities and second-tier banks of the Republic of Kazakhstan, included in the first category of the official list of the Kazakhstan Stock Exchange	0.26%	yes
1.7	Islamic finance instruments included in the official list of the Kazakhstan Stock Exchange and / or AIFC Exchange	0.0%	yes
1.8	Securities secured by real estate (MBS) and assets (ABS) with a rating of a security and / or issuer not lower than "BB-" according to the international scale of Standard & Poor's or a rating of a similar level from one of the other rating agencies	0.0%	yes
2	Foreign Issuers	27.39%	yes
2.1	Securities of Government agencies and of international financial organizations with a rating of a security and / or issuer not lower than "BB-" according to the international scale of Standard & Poor's or a rating of a similar level from one of the other rating agencies	16.19%	yes
2.2.	Municipal securities as part of investing in government and agent securities	0.0%	yes
2.3	Corporate debt securities with a rating of a security and / or issuer not lower than "BB-" according to the international scale of Standard & Poor's or a rating of a similar level from one of the other rating agencies	5.36%	yes
2.4	Securities secured by real estate (MBS) and assets (ABS) with a rating of a security and / or issuer not lower than "BBB-" according to the international scale of Standard & Poor's or a rating of a similar level from one of the other rating agencies	0.0%	yes
2.5	Convertible securities as part of investing in corporate securities with a rating of a security and / or issuer not lower than "BB-" according to the international standard agency "Standard & Poor's" rating or a rating of a similar level from one of the other rating agencies	0.0%	yes
2.6	Shares, depository receipts for shares	2.78%	yes
2.7	Deposits in foreign banks with a rating not lower than "A-" according to the international scale of Standard & Poor's or a rating of a similar level from one of the other rating agencies	2.96%	yes
2.8	Structural products issued by organizations with a rating of at least BBB- on the international scale of Standard & Poor's or a rating of a similar level from one of the other rating agencies	0.09%	yes
2.9	Islamic finance instruments with a rating of at least "BB-" according to the international scale of the Standard & Poor's agency or a rating of a similar level from one of the other rating agencies	0.00%	yes

³ UAPF Investment Declaration was approved by the resolution of the Board of the National Bank of the Republic of Kazakhstan dated March 17, 2016 No 86

No.	Financial Instrument Type	Actual Value (% of PA)	Perform ance (Yes / No)
1	Derivative financial instruments, including:	0.0%	yes
1.1	Derivative financial instruments used to hedge investment risk	0.0%	yes
1.2	Derivative financial instruments used for investment purposes	0.0%	yes
1.3	Gold in bars and AU metallic accounts	0.0%	yes

**Information on purchases, sales and redemption of financial instruments in
the UAPF PA investment portfolio**

Table 5. Information on the purchase of financial instruments in the reporting month

Instrument	Currency	Issuer	Transaction Amount in KZT
US GS	USD	US Government	485,044,360,000
Total			485,044,360,000

Table 6. Information on the sale of financial instruments in the reporting month

Instrument	Currency	Issuer	Transaction Amount in KZT
GS RK	USD/KZT	Government of RK	101,586,304,839
Eurobonds QPS RK	USD	Bank of Development of Kazakhstan JSC	41,112,621,294
Eurobonds QPS of China	USD	State Grid Overseas Inv	34,200,727,346
GS Of the Russian Federation	USD	Government of the Russian Federation	23,564,766,804
GSof Government of Mexico	USD	Government of Mexico	20,361,552,227
Eurobonds QPS of China	USD	Sinopec GRP Overseas DEV	18,500,861,611
Eurobonds QPS of China	USD	Three Gorges Fin I Cayma	15,347,270,914
Eurobonds QPS of China	USD	AVI Funding CO LTD	11,847,573,599
Eurobonds QPS of Chile	USD	Empresa Nacional DEL PET	11,657,001,413
GS Government of the Republic of Indonesia	USD	Government of the Republic of Indonesia	8,994,555,219
GS of Poland	USD	Government of Poland	8,441,947,919
Eurobonds QPS of Indonesia	USD	Pelabuhan Indonesia III	8,308,955,974
Eurobonds QPS of Chile	USD	Codelco INC	6,126,480,904
Eurobonds QPS of RF	USD	Sberbank of Russia CJSC	6,111,608,999
Eurobonds QPS of RF	USD	Gazprom CJSC	5,430,810,578
GS of Republic of the Philippines	USD	Government of Republic of the Philippines	4,777,735,224
GS of Republic of Peru	USD	Government of Republic of Peru	4,443,082,753
Eurobonds QPS of India	USD	Indian Railway Finance	2,356,308,122
Eurobonds QPS of India	USD	Export-Import BK India	2,272,586,066
Total			335,442,751,805

Table 7. Information on repayment of the principal debt on securities in the reporting month

Instrument	Currency	Issuer	Transaction Amount in KZT
GS RK	KZT	Government of RK	81,343,000,000
GS USA	USD	Government of US	44,181,300,000
Bonds	KZT	First Heartland Jysan Bank JSC	17,962,960,000
GS RK	KZT	The National Bank of RK	3,800,000,000
Total			147,287,260,000

Table 8. Information on placements in deposits of foreign banks in the reporting month

Instrument	Currency	Bank	Transaction Amount in KZT
Deposit	USD	Rabobank Nederland	230,752,910,000
Deposit	USD	DBS Bank LTD	51,571,200,000
Deposit	USD	Natixis	42,910,000,000
Deposit	USD	Societe Generale	42,684,000,000
Deposit	USD	Bank of NOVA Scotia	36,305,640,000
Total			404,223,750,000

Table 9. Information on repayments of the principal debt on deposits in the reporting month

Instrument	Currency	Bank	Transaction Amount in KZT
Deposit	USD	Rabobank Nederland	188,044,250,000
Deposit	USD	DBS Bank LTD	117,561,120,000
Deposit	USD	Credit Agricole	78,662,550,000
Deposit	USD	Bank of NOVA Scotia	43,069,000,000
Deposit	USD	Bank of Tokyo-Mitsubishi	21,534,500,000
Total			448,871,420,000