

UAPF JSC

STRUCTURE OF PENSION ASSETS INVESTMENT PORTFOLIO

As of September 01, 2017 UAPF JSC pension assets (further – PA) under fiduciary management of the National Bank of the Republic of Kazakhstan (hereinafter - the National Bank) amounted to KZT 7 433.66 bln¹

Structure of UAPF pension assets investment portfolio is in Table 1.

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

Description	<i>KZT bln</i>				
	Current value 01.01.2017	Share 01.01.2017.	Current value 01.09.2017.	Share 01.09.2017.	Growth/loss from the beginning of the year. %
Government securities of RK	2 910.82	43.57%	3 104.31	41.76%	6.65%
Foreign government securities	365.01	5.46%	861.08	11.58%	135.91%
IFO	86.63	1.30%	80.96	1.09%	-6.55%
Corporate bonds of RK emitters	84.03	1.26%	58.76	0.79%	-30.07%
Bonds of quasi public organizations of RK	900.17	13.48%	870.85	11.71%	-3.26%
Bonds of STB RK	1 450.20	21.71%	1 266.52	17.04%	-12.67%
Corporate bonds of foreign emitters	137.92	2.07%	134.36	1.81%	-2.58%
PPN	31.64	0.47%	31.23	0.42%	-1.30%
Shares and depository receipts of RK emitters	127.46	1.91%	172.25	2.32%	35.15%
Shares and depository receipts of foreign emitters	18.33	0.27%	21.29	0.29%	16.18%
Deposits	399.91	5.99%	336.41	4.53%	-15.88%
Deposits in foreign banks	-	-	409.98	5.51%	-
REPO	-	-	71.04	0.96%	-
Cash on investment accounts (less liabilities under financial instruments transactions)	151.84	2.27%	0.95	0.01%	-99.37%
Other assets (accounts receivable ² , past-due debt. provisions)	16.18	0.24%	13.67	0.18%	-15.59%
Total PA under fiduciary management of the National Bank	6 680.14	100.00%	7 433.66	100.00%	11.28%
Cash on contribution and benefit payment accounts	9.52		1.73		
PA Total	6 689.66		7 435.39		11.15%

Average YTM of debt instruments in the Fund's PA investment portfolio as of September 01, 2017 was 7.5%.

Government securities of the Republic of Kazakhstan

Government securities of RK take main share of the UAPF PA portfolio. During the reporting month their current value was decreased by KZT 8.54 bln and came to KZT 3 104.31 bln. They took 41.76% of the portfolio.

Within the reporting month there was purchase of the short-term discount notes of NBRK in amount of KZT 1 946.54 bln with average YTM 9.6% per annum, as well as bonds of the RK Ministry of Finance in amount of KZT 7.37 bln with average YTM 8.98% per annum.

There was repayment of discount notes of NBRK in amount of KZT 1 971.73 bln.

¹ less cash on contribution and benefit payment accounts.

² 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.

Average yield to maturity of the Government securities of RK in the UAPF PA portfolio came to 7.7% per annum.

Foreign government securities (FGS)

Current value of FGS within the month increased by KZT 113.52 bln upto KZT 861.08 bln. Their share came to 11.58%.

Within the report period short term US Treasury bonds were purchased in amount of KZT 104.12 bln on their nominal value with average YTM 1.0%.

There were foreign government securities redeemed nominated in USD in amount of KZT 12.66 bln.

Within the report period average yield to maturity of foreign government securities in the PA portfolio came to 1.9% per annum.

International financial institutions (IFI) bonds

In August 2017 current value of IFI bonds increased by KZT 0.02 bln upto KZT 80.96 bln. The share of IFI bonds came to 1.09%.

There were no purchases, sales and redemptions of IFI securities in the reporting period.

Average yield to maturity of the IFI bonds in UAPF PA portfolio came to 7.2% per annum.

Deposits in second tier banks (STB) of RK

In August 2017 amount of STB deposits in the reporting month decreased by KZT 0.11 bln and came to KZT 336.41 bln. Share of deposits came to 4.53%.

Within the reporting period there were no STB deposits allocations and redemptions in the UAPF PA portfolio.

Average yield to maturity of STB deposits in PA portfolio was 10.7% per annum.

Deposits in foreign banks

Current value of deposits in foreign banks in the reporting month came to KZT 409.98 bln increasing by KZT 15.49 bln. Their share was 5.51%.

Average yield to maturity of STB deposits in PA portfolio was 1.3% per annum.

RK corporate bonds

Current value of RK corporate bonds amounted to KZT 58.76 bln decreasing by KZT 2.81 bln. Their share came to 0.79%.

There were no purchases, sales and redemptions of RK corporate bonds in the UAPF PA portfolio in the reporting period.

Average yield to maturity of corporate bonds of RK emitters came to 11.1%.

Bonds of quasi-public organizations of RK

In the reporting period current value of bonds of quasi-public organizations of RK increased by KZT 55.10 bln and came to 870.85 bln. Their share in the portfolio took 11,71%.

During the reporting period there were USD nominated bonds of quasi-public organizations of RK redeemed in amount of KZT 4.57 bln. at nominal value with average YTM 11.13% per annum.

Average YTM of these bonds in the UAPF PA portfolio was 9.5% per annum.

Bonds of STB RK

Within the reporting month current value of STB bonds decreased by KZT 92.05 bln and came to KZT 1 266.52 bln. Their share took 17.04%.

In reporting period there was principal redemption of KZT nominated RK STB bonds in amount of KZT 0.50 bln.

Within the period there were RK STB bonds sold in amount of KZT 93.47 bln with average YTM 7.41% per annum.

No purchase transactions with bonds of RK STB took place in the reporting period.

Average YTM of STB bonds was 9.9% per annum.

Foreign corporate bonds

In the reporting period amount of foreign corporate bonds increased by KZT 2.85 bln and came to KZT 134.36 bln. The share came to 1.81%.

There were no purchases, sales and redemptions of foreign corporate bonds in the UAPF PA portfolio in the reporting period.

Average yield to maturity of corporate bonds emitters in PA portfolio was 9.2% per annum.

PPN (structural notes) of foreign issuers

PPN (structured notes) amount in the reporting period came to KZT 31.23 bln decreasing by KZT 1.04 bln with share in portfolio of 0.42%.

There were no purchases, sales and redemptions of PPN (structured notes) of foreign issuers in the UAPF PA portfolio in the reporting period.

Shares and depository receipts of RK emitters

In the report period amount of shares and depository receipts of RK emitters increased by KZT 13.59 bln and amounted to KZT 172.25 bln. The share came to 2.32% of the portfolio.

In the report period there were no transactions with RK emitters' shares.

Foreign shares and depository receipts

In the report period amount of foreign shares and depository receipts increased by KZT 1.89 bln and came to KZT 21.29 bln. Their share in portfolio came to 0.74%.

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

UAPF pension assets investment portfolio by currencies is in Table 2.

Table 2. Structure of UAPF pension assets investment portfolio under fiduciary management of the National Bank by currencies

Currency	<i>KZT bln</i>				
	Current value as of 01.01.2017	Share on 01.01.2017	Current value as of 01.09.2017	Share on 01.09.2017	Growth/loss from the beginning of the year, %
National Currency	5 142.38	76.98%	5 292.64	71.20%	2.92%
US dollars	1 492.44	22.34%	2 096.74	28.20%	40.49%
Russian Rubles	35.12	0.53%	36.24	0.49%	3.21%
Other currencies	10.20	0.15%	8.04	0.11%	-21.16%
Total:	6 680.14	100.00%	7 433.66	100.00%	11.28%

Investment results

Investment return of eight months of 2017 amounted to KZT 424.3 bln in result of pension assets investment under fiduciary management by the National Bank as well as due to FX volatility and change of market value of UAPF pension assets portfolio's instruments. So return of UAPF pension assets distributed on members' accounts from 01.01.2017 to 31.08.2017 was 5.78% or 8.67% per annum.

Structure of investment income is in Table 3.

Table 3. Structure of investment return on UAPF PA under fiduciary management of the National Bank

Description	<i>KZT bln</i>
	Investment return from the beginning of 2017
Income as remuneration on securities including deposits and Reverse REPO	339.53
Income (loss) of market revaluation	32.07
Income (loss) of FX revaluation	53.36

Other income (loss)	-0.68
Total:	424.28

Compliance with investment declaration parameters

Structure distribution of UAPF PA under fiduciary management complies with requirements of the UAPF Investment Declaration³. As presented in Table 4 shares of foreign currencies positions are within permitted levels and do not violate requirements of the UAPF Investment Declaration as of 01.09.2017.

Table 4. UAPF PA Investment limits

No	Financial instrument	Actual value (in % of pension assets)	Requirement performance (yes / no)
1	Foreign emitters:	19.74%	yes
1.1	Government, Agents and IFI securities:	12.67%	yes
1)	with 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	10.48%	yes
2)	with rating from BB+ to BB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	2.19%	yes
1.2	Corporate debt securities:	0.85%	yes
1)	with securities and/or emitter's 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.	0.09%	yes
2)	with securities and/or emitter's rating from BB+ to BB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	0.76%	yes
1.3	MBS and ABS with securities and/or emitter's 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.	0.00%	yes
1.4	Shares, deposit receipts on shares	0.29%	yes
1.5	Deposits in the foreign banks with rating of no less than "A-" on international scale of Standard & Poor's or rating of same level of one of the other rating agencies	5.52%	yes
1.6	Structured products of emitters with 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	0.42%	yes
1.7	Islamic Financing Instruments:	0.00%	yes
1)	with securities and/or emitter's 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.	0.00%	yes
2)	with securities and/or emitter's rating from BB+ to BB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	0.00%	yes
2	Kazakhstani Emitters:	77.39%	yes
2.1	RK Government securities	41.76%	yes
2.1-1	Securities of the quasi-public sector	0.00%	yes
2.1-2	Financial instruments of Kazakhstani second tier banks	0.00%	yes
2.2	Non-Government securities except for debt securities of the quasi-public sector and second tier banks of the Republic of Kazakhstan, with securities and/or emitter's 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	12.71%	yes
2.3	Non-Government securities except for share securities of the	22.62%	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

	quasi-public sector and second tier banks of the Republic of Kazakhstan included into the first category of the KASE official list		
2.4	Foreign emitters:	0.08%	yes
2.4-1	Government, Agents and IFI securities:	0.00%	yes
2.5	with 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	0.22%	yes
2.6	Islamic financing instruments included into the KASE official list	0.00%	yes

Table 5. UAPF PA investment limits on certain types of financial limits

No.	Financial instrument	Actual (in percent of pension assets)	Performance (yes/no)
1	Standard derivatives	0.00%	yes
1)	If the derivatives are used for investment risk hedging	0.00%	yes
2	Gold in bars and AU metallic accounts	0.00%	yes

Information on transactions with financial instruments in UAPF JSC investment portfolio

Table 6. Information on financial instruments purchased within the reporting month

Date of transaction	Date of redemption	Instrument	Issuer	ISIN	Nominal currency	KZT nominal value	Foreign currency nominal value
01.08.2017	08.08.2017	NOTES	National Bank RK	KZW1KD070046	KZT	150 887 980 600	
02.08.2017	09.08.2017	NOTES	National Bank RK	KZW1KD070053	KZT	58 777 638 600	
03.08.2017	03.08.2027	Bonds	Samruk Qazyna NWF	KZP11Y18D398	KZT	11 690 000 000	
07.08.2017	14.08.2017	NOTES	National Bank RK	KZW1KD070095	KZT	213 400 000 000	
07.08.2017	10.04.2020	MEOKAM 36	RK Min Fin	KZK2KY030890	KZT	4 605 166 000	
08.08.2017	15.08.2017	NOTES	National Bank RK	KZW1KD070103	KZT	163 900 000 000	
09.08.2017	16.08.2017	NOTES	National Bank RK	KZW1KD070111	KZT	50 372 273 800	
09.08.2017	23.01.2022	MEOKAM 60	RK Min Fin	KZK2KY050500	KZT	761 924 000	
14.08.2017	21.08.2017	NOTES	National Bank RK	KZW1KD070160	KZT	219 400 000 000	
14.08.2017	18.01.2018	FGS	US Treasury	US912796NN51	USD	18 990 690 000	57 000 000
15.08.2017	22.08.2017	NOTES	National Bank RK	KZW1KD070178	KZT	179 200 000 000	
16.08.2017	23.08.2017	NOTES	National Bank RK	KZW1KD070186	KZT	54 600 000 000	
18.08.2017	25.08.2017	NOTES	National Bank RK	KZW1KD070210	KZT	9 267 960 700	
18.08.2017	08.02.2018	ГЦБ ИИ. ГОС	US Treasury	US912796NR65	USD	34 266 040 000	103 000 000
21.08.2017	28.08.2017	NOTES	National Bank RK	KZW1KD070236	KZT	169 300 000 000	
21.08.2017	24.04.2019	MEOKAM 24	RK Min Fin	KZK2KY020859	KZT	2 000 000 000	
22.08.2017	29.08.2017	NOTES	National Bank RK	KZW1KD070244	KZT	12 673 131 400	
22.08.2017	22.08.2032	Bonds	Bank of Development of Kazakhstan JSC	KZP03Y15F510	KZT	4 000 000 000	
23.08.2017	23.08.2030	Bonds	Bank of Development of Kazakhstan JSC	KZP04Y13F519	KZT	8 172 000 000	
23.08.2017	31.08.2017	NOTES	National Bank RK	KZW1KD080250	KZT	187 625 566 100	
24.08.2017	31.08.2017	NOTES	National Bank RK	KZW1KD070277	KZT	79 500 000 000	
24.08.2017	24.08.2028	Bonds	Bank of Development of Kazakhstan JSC	KZP05Y11F518	KZT	6 701 800 000	
25.08.2017	04.09.2017	NOTES	National Bank RK	KZW1KD100280	KZT	17 800 000 000	
28.08.2017	04.09.2017	NOTES	National Bank RK	KZW1KD070301	KZT	138 000 000 000	
29.08.2017	29.08.2032	Bonds	KEGOC JSC	KZP02Y15F289	KZT	18 150 000 000	
31.08.2017	27.09.2017	NOTES	National Bank RK	KZW1KD270331	KZT	100 000 000 000	
31.08.2017	07.09.2017	NOTES	National Bank RK	KZW1KD070327	KZT	141 840 184 100	
31.08.2017	15.02.2018	FGS	US Treasury	US912796NS49	USD	50 539 700 000	151 000 000
Total						2 106 422 055 300	311 000 000

Table 7. Information on financial instruments sale within reporting period

Date of transaction	Date of redemption	Instrument	Issuer	ISIN	Nominal currency	KZT amount of transaction	Foreign currency amount of transaction
07.08.2017	06.11.2017	Bonds	Eurasian Bank JSC	XS1129581937	USD	2 370 104	7 149
14.08.2017	06.11.2017	Bonds	Eurasian Bank JSC	XS1129581937	USD	413 973 148	1 245 107
15.08.2017	06.11.2017	Bonds	Eurasian Bank JSC	XS1129581937	USD	1 292 181 949	3 882 175
17.08.2017	06.11.2017	Bonds	Eurasian Bank JSC	XS1129581937	USD	17 777 580 508	53 427 843
18.08.2017	06.11.2017	Bonds	Eurasian Bank JSC	XS1129581937	USD	18 887 798 160	56 781 500
21.08.2017	06.11.2017	Bonds	Eurasian Bank JSC	XS1129581937	USD	1 051 122 167	3 163 648
22.08.2017	06.11.2017	Bonds	Eurasian Bank JSC	XS1129581937	USD	17 026 375 208	51 104 167
23.08.2017	06.11.2017	Bonds	Eurasian Bank JSC	XS1129581937	USD	17 020 645 104	51 114 583
25.08.2017	06.11.2017	Bonds	Eurasian Bank JSC	XS1129581937	USD	19 994 126 992	60 136 330
Total						93 466 173 340	280 862 502

Table 8. Information on bank deposit allocations within reporting period

Date of transaction	Date of redemption	Emitter	Currency	KZT amount of transaction	Foreign currency amount of transaction
15.08.2017	17.11.2017	CREDIT AGRICOLE CIB HONGKONG BRANCH	USD	66 582 000 000	200 000 000
23.08.2017	31.08.2017	BANK OF TOKYO-MITSUBISHI, LTD., THE(LONDON BRANCH)	USD	53 664 520 000	161 000 000
31.08.2017	30.11.2017	BANK OF TOKYO-MITSUBISHI, LTD., THE(LONDON BRANCH)	USD	58 982 000 000	175 000 000
Total				179 228 520 000	536 000 000

Table 9. Information on principal redemptions within reporting period

ISIN	Instrument	Emitter	Actual redemption date	Maturity value KZT	Maturity value Foreign currency	Nominal currency
KZW1KD079971	NOTES	National Bank RK	01.08.2017	142 284 118 900		KZT
KZW1KD079989	NOTES	National Bank RK	02.08.2017	80 542 888 700		KZT
KZW1KD070038	NOTES	National Bank RK	07.08.2017	199 994 375 200		KZT
KZW1KD070046	NOTES	National Bank RK	08.08.2017	150 887 980 600		KZT
KZW1KD070053	NOTES	National Bank RK	09.08.2017	58 777 638 600		KZT
MYBVI1202859	Bonds	Bank of Development of Kazakhstan JSC	11.08.2017	4 572 146 630	13 723 164	USD
US912796LP28	FGS	US Treasury	11.08.2017	12 660 460 000	38 000 000	USD
KZW1KD070095	NOTES	National Bank RK	14.08.2017	213 400 000 000		KZT
KZW1KD070103	NOTES	National Bank RK	15.08.2017	163 900 000 000		KZT
KZW1KD070111	NOTES	National Bank RK	16.08.2017	50 372 273 800		KZT
KZW1KD070160	NOTES	National Bank RK	21.08.2017	219 400 000 000		KZT
KZW1KD070178	NOTES	National Bank RK	22.08.2017	179 200 000 000		KZT
KZW1KD070186	NOTES	National Bank RK	23.08.2017	54 600 000 000		KZT
KZW1KD070210	NOTES	National Bank RK	25.08.2017	9 267 960 700		KZT
KZW1KD070236	NOTES	National Bank RK	28.08.2017	169 300 000 000		KZT
KZP01Y07C178	Bonds	Sberbank SB JSC	29.08.2017	500 000 000		KZT
KZW1KD070244	NOTES	National Bank RK	29.08.2017	12 673 131 400		KZT
KZW1KD080250	NOTES	National Bank RK	31.08.2017	187 625 566 100		KZT
KZW1KD070277	NOTES	National Bank RK	31.08.2017	79 500 000 000		KZT
Total				1 989 458 540 630	51 723 164	

Table 10. Information on deposit principal redemption within reporting period

Payment date	Closing date	Emitter	Maturity value KZT	Maturity value Foreign currency	Nominal currency
17.08.2017	17.08.2017	CREDIT AGRICOLE CIB HONGKONG BRANCH	66 536 000 000	200 000 000	USD
25.08.2017	25.08.2017	BANK OF TOKYO-MITSUBISHI, LTD., THE(LONDON BRANCH)	53 588 850 000	161 000 000	USD
31.08.2017	31.08.2017	BANK OF TOKYO-MITSUBISHI, LTD., THE(LONDON BRANCH)	54 263 440 000	161 000 000	USD
Total			174 388 290 000	522 000 000	