

# INFO ON UAPF JSC

## PENSION ASSETS INVESTMENT MANAGEMENT

As of June 01, 2018 UAPF JSC pension assets (hereinafter referred to as PA) under fiduciary management of the National Bank of RK (hereinafter, NBRK) amounted to KZT 8 263.99 bln<sup>1</sup>

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 of RK by financial instruments**

KZT bln

Description	Current value 01.01.2018	Share 01.01.2018.	Current value 01.06.2018.	Share 01.06.2018.	Growth/loss from the beginning of the year. %
Government securities of RK	3 587.63	46.14%	3 796.80	45.94%	5.83%
Foreign government securities	948.84	12.20%	967.69	11.71%	1.99%
IFO	172.55	2.22%	147.57	1.79%	-14.48%
Corporate bonds of RK emitters	58.30	0.75%	61.00	0.74%	4.64%
Bonds of quasi public organizations of RK	791.68	10.18%	731.88	8.86%	-7.55%
Bonds of STB RK	1 246. 49	16.03%	1 215.58	14.71%	-2.48%
Corporate bonds of foreign emitters	9.35	0.12%	8.91	0.11%	-4.66%
Bonds of foreign quasi public organizations	53.39	0.69%	100.61	1.22%	88.43%
PPN	35.00	0.45%	34.27	0.41%	-2.09%
Shares and depository receipts of RK emitters	184.14	2.37%	165.19	2.00%	-10.29%
Shares and depository receipts of foreign emitters	23.68	0.30%	23.22	0.28%	-1.95%
Deposits	325.82	4.19%	317.75	3.84%	-2.48%
Deposits in foreign banks	277.41	3.57%	461.10	5.58%	66.22%
REPO	11.02	0.14%	4.50	0.05%	-59.18%
Cash on investment accounts (less liabilities under financial instruments transactions)	20.88	0.27%	94.27	1.14%	351.45%
Other assets (accounts receivable <sup>2</sup> , past-due debt. provisions)	28.62	0.37%	61.73	0.75%	115.70%
Assets under external management by Aviva Investors Global Services Limited*	-	-	71.90	0.87%	
<b>Total PA under fiduciary management of NBRK</b>	<b>7 774.82</b>	<b>100.00%</b>	<b>8 263.99</b>	<b>100.00%</b>	<b>6.29%</b>
Cash on investment accounts (less liabilities under financial instruments transactions)			4.56		
Cash on contribution and benefit payment accounts	9.51		2.44		
<b>PA Total</b>	<b>7 784.33</b>		<b>8 270.99</b>		<b>6.25%</b>

\* - within Global Bonds of Developing Markets mandate

Average YTM of debt instruments in the Fund's PA investment portfolio as of June 01, 2018 was 7.1% including those KZT nominated – 8.5% and nominated in foreign currency – 3.8% per annum.

### Government securities of the Republic of Kazakhstan

Government securities of RK take main share of UAPF PA portfolio. In the report month their current value was increased by KZT 88.84 bln and came to KZT bln 3 796.80. They took 45.94% of the portfolio.

Within the report month there was purchase of following instruments on their nominal value:

<sup>1</sup> less cash on contribution and benefit payment accounts.

<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.

- the short-term discount notes of NBRK in amount of KZT 1 318.14 bln with average YTM 8.35% per annum;
- GS of RK Ministry of Finance nominated in USD in amount of KZT 25.97 bln with average YTM 5.19% per annum;
- GS of RK Ministry of Finance nominated in KZT in amount of KZT 59.50 bln with average YTM 8.45% per annum.

There were GS of RK Ministry of Finance and NBRK discount notes redeemed in amount of KZT 13.00 bln and KZT 1 315.80 bln respectively.

Average yield to maturity of KZT nominated Government securities of RK in UAPF PA portfolio came to 7.5% per annum, while those nominated in USD – 4.4% per annum.

### **Foreign government securities**

Current value of FGS within the month decreased by KZT 44.10 bln upto KZT 967.69 bln. Their share came to 11.71%.

Within the reporting period foreign government securities in amount of KZT 53.25 bln were redeemed. No other transactions took place.

Within the report period average yield to maturity of foreign government securities in the PA portfolio came to 3.3% per annum.

### **IFO bonds**

Current value of IFO bonds increased by KZT 0.06 bln upto KZT 147.57 bln. The share of IFO bonds came to 1.79%.

There was payment of principal of Eurasian Bank of Development's bonds in amount of KZT 23.87 bln (current value was decreased in the previous month).

No other transactions with IFO securities took place within reporting period.

Average yield to maturity of the IFO bonds in UAPF PA portfolio nominated in KZT came to 6.8% per annum while the ones nominated in USD – 5.0%.

### **Deposits in second tier banks (STB) of RK**

Current value of STB deposits with average maturity period of 5,2 years in the report period decreased by KZT 3.75 bln and came to KZT 317.75 bln. Share of deposits came to 3.84%.

Early redemption of STB deposits in amount of KZT 4.79 bln took place within the reporting period.

There were no allocations of UAPF PA in STB deposits.

Average yield to maturity of STB deposits in PA portfolio was 10.5% per annum.

### **Deposits in foreign banks**

As of June 01, 2018 current value of deposits in foreign banks with average maturity period of 1.86 month came to KZT 461.1 bln increasing by KZT 64.67 bln. Their share was 5.58%.

There were deposits allocated in foreign banks in amount of KZT 110.80 bln with average YTM of 2.44% per annum. There was deposit redeemed in amount of KZT 49.40 bln.

Average yield to maturity of foreign banks deposits in PA portfolio was 2.3% per annum.

### **RK corporate bonds**

Current value of RK corporate bonds amounted to KZT 61.00 bln increasing by KZT 0.35 bln. Their share came to 0.74%.

No transactions with RK emitters bonds took place in the period.

Average yield to maturity of corporate bonds of RK emitters came to 8.7%.

### **Bonds of quasi-public organizations of RK**

Within the reporting period current value of the bonds of RK quasi-public organizations decreased by KZT 63.26 bln and amounted to KZT 731.88 bln. Their share came to 8.86% of the portfolio.

Within the reporting period bonds of RK quasi-public organizations were sold in amount of KZT 62.19 bln. There were no other transactions with these instruments in the period.

Average yield to maturity of RK quasi-public organizations bonds nominated in KZT came to 10.9% while the instruments nominated in USD – 5.0% per annum.

### **Bonds of STB RK**

Within the report month current value of STB bonds decreased by KZT 19.08 bln and came to KZT 1 215.58 bln. Their share took 14.71%.

Bonds of STB RK were redeemed in amount of KZT 22.80 bln.

No other transactions with these instruments took place within the period.

Average YTM of STB bonds nominated in KZT came to 10.0% while the instruments nominated in USD – 6.6% per annum.

### **Foreign corporate bonds**

In the report period amount of foreign corporate bonds came to KZT 8.91 bln decreasing by KZT 0.17 bln. The share came to 0.11%.

There were no transactions with foreign corporate bonds in the PA portfolio of UAPF in the period.

Average yield to maturity of foreign corporate bonds in PA portfolio was 7.5% per annum.

### **Bonds of foreign quasi-public organizations**

Within the reporting period current value of the bonds of foreign quasi-public organizations increased by KZT 42.27 bln and amounted to KZT 100.61 bln. Their share came to 1.22% of the portfolio.

Within new strategic distribution of FX pension assets portfolio provided in the UAPF Investment Declaration there were purchased bonds of Chinese and Indian quasi-public organizations nominated in USD in amount of KZT 43.61 bln by their nominal value with average YTM 4.23% per annum.

Average yield to maturity of foreign quasi-public organizations in PA portfolio came to 4.9% per annum.

### **PPN**

PPN (structured notes) amount in the report period came to KZT 34.27 bln increasing by KZT 0.30 bln with share in portfolio of 0.41%.

No transactions with foreign PPN took place in the report period.

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

In the report period amount of shares and depository receipts of RK emitters increased by KZT 2.09 bln and amounted to KZT 165.19 bln. The share came to 2.00% of the portfolio.

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

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

In the report period current value of foreign shares and depository receipts decreased by KZT 0.14 bln and came to KZT 23.22 6 bln. Their share in portfolio came to 0.28%.

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

### **FX structure**

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

**Table 2. Structure of UAPF pension assets investment portfolio under fiduciary management of NBRK by currencies**

Currency	<i>KZT bln</i>				
	Current value 01.01.2018	Share 01.01.2018.	Current value 01.06.2018.	Share 01.06.2018.	Growth/loss from the beginning of the year. %
National Currency	5 619.71	72.28%	5 646.70	68.33%	0.48%

US dollars	2 110.34	27.14%	2 574.75	31.16%	22.01%
Russian Rubles	36.90	0.47%	34.01	0.41%	-7.84%
Other currencies	7.88	0.10%	8.53	0.10%	8.28%
<b>Total:</b>	<b>7 774.82</b>	<b>100.00%</b>	<b>8 263.99</b>	<b>100.00%</b>	<b>6.29%</b>

### **Investment results**

Investment return from the beginning of the year amounted to KZT 251.41 bln in result of pension assets investment 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 was 2.98%.

Structure of investment income is in Table 3.

**Table 3. Structure of investment return on UAPF PA under fiduciary management of NBRK**

<i>KZT bln</i>	
Description	Investment income of 2018
Income as remuneration on securities including deposits and Reverse REPO	224.07
Income (loss) of market revaluation	22.77
Income (loss) of FX revaluation	-12.43
Income (loss) of external management	1.38
Other income (loss)	15.62
<b>Total:</b>	<b>251.41</b>

### **Compliance with investment declaration parameters**

Structure distribution of UAPF PA under fiduciary management complies with requirements of the UAPF Investment Declaration<sup>3</sup>. 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 01.06.2018.

**Table 4. UAPF PA Investment limits**

No.	Financial instruments	Actual value (in percent of pension assets)	Performance (yes/no)
<b>1</b>	<b>Foreign emitters:</b>	<b>21.10%</b>	<b>yes</b>
1.1	Government, Agents and IFO securities:	13.50%	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	9.75%	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.	3.74%	yes
1.2	Corporate debt securities:	1.33%	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.	0.98%	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.	0.35%	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	0.28%	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	5.58%	yes

<sup>3</sup> 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

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	0.41%	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
<b>2</b>	<b>Kazakhstani emitters:</b>	<b>75.42%</b>	<b>yes</b>
2.1	GS RK issued by Ministry of Finance of RK, National Bank of RK	45.94%	yes
2.1-1	GS RK issued by local executive bodies of RK	0.00%	yes
2.1-2	Deposits of the National Bank of RK	0.00%	yes
2.2	Securities of the quasi-public sector	9.39%	yes
2.3	Financial instruments of Kazakhstani second tier banks	19.77%	yes
2.4	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	0.11%	yes
2.4-1	Non-Government securities issued under guaranty and / or warranty of the Government of RK	0.00%	yes
2.5	Non-Government securities except for share securities of the quasi-public sector and second tier banks of the Republic of Kazakhstan included into the first category of the KASE official list	0.21%	yes
2.6	Islamic Financing Instruments included into official list of KASE	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 value in KZT
02.05.2018	10.05.2018	GS RK	National Bank of RK	KZW1KD082603	16 826 257 000
02.05.2018	10.06.2025	Eurobonds	Three Gorges Fin I Cayma	USG8850LAA82	1 649 950 000
02.05.2018	21.07.2045	GS RK	Government of RK	XS1263139856	9 569 710 000
02.05.2018	04.02.2030	GS RK	Government of RK	KZKDKY150123	21 000 000 000
02.05.2018	30.05.2018	GS RK	National Bank of RK	KZW1KD282617	174 000 000 000
03.05.2018	26.04.2026	Eurobonds	Export-Import Bank China	XS1395523779	3 307 200 000
03.05.2018	31.07.2024	Eurobonds	Export-Import Bank China	USY23862AF56	826 800 000
03.05.2018	13.12.2027	Eurobonds	Indian Railway Finance	XS1733877762	3 637 920 000
03.05.2018	10.05.2018	GS RK	National Bank of RK	KZW1KD072620	42 000 000 000
03.05.2018	16.09.2025	Eurobonds	AVI FUNDING CO LTD	XS1291170360	2 315 040 000
03.05.2018	31.07.2024	Eurobonds	Export-Import Bank China	USY23862AF56	2 976 480 000
04.05.2018	21.07.2045	GS RK	Government of RK	XS1263139856	2 302 930 000
05.05.2018	14.05.2018	GS RK	National Bank of RK	KZW1KD092644	14 000 000 000
10.05.2018	17.05.2018	GS RK	National Bank of RK	KZW1KD072653	167 000 000 000
10.05.2018	10.05.2031	GS RK	Government of RK	KZKDKY130067	17 500 000 000

10.05.2018	04.05.2027	Eurobonds	State Grid Overseas Inv	USG8450LAJ38	1 638 150 000
10.05.2018	14.01.2023	Eurobonds	Export-Import BK India	XS0872917660	3 276 300 000
11.05.2018	29.09.2026	Eurobonds	Sinopec GRP Overseas DEV	USG8200TAH35	1 632 000 000
11.05.2018	02.06.2026	Eurobonds	Three Gorges Fin I Cayma	USG8850LAC49	1 632 000 000
14.05.2018	21.05.2018	GS RK	National Bank of RK	KZWI1KD072687	19 000 000 000
14.05.2018	16.04.2032	GS RK	Government of RK	KZKDKY140033	12 000 000 000
15.05.2018	21.07.2045	GS RK	Government of RK	XS1263139856	10 160 870 000
15.05.2018	14.10.2044	GS RK	Government of RK	XS1120709826	3 933 240 000
15.05.2018	04.05.2027	Eurobonds	State Grid Overseas Inv	USG8450LAJ38	3 277 700 000
16.05.2018	13.06.2018	GS RK	National Bank of RK	KZWI1KD282716	75 000 000 000
17.05.2018	24.05.2018	GS RK	National Bank of RK	KZWI1KD072729	169 000 000 000
17.05.2018	13.12.2027	Eurobonds	Indian Railway Finance	XS1733877762	981 330 000
18.05.2018	13.09.2027	Eurobonds	Sinopec GRP Overseas DEV	USG8201NAH55	1 641 550 000
21.05.2018	28.05.2018	GS RK	National Bank of RK	KZWI1KD072752	22 900 000 000
21.05.2018	23.04.2033	GS RK	Government of RK	KZKDKY150149	6 000 000 000
22.05.2018	13.12.2027	Eurobonds	Indian Railway Finance	XS1733877762	3 271 100 000
22.05.2018	29.05.2018	GS RK	National Bank of RK	KZWI1KD072760	7 300 000 000
23.05.2018	20.06.2018	GS RK	National Bank of RK	KZWI1KD282781	124 200 000 000
24.05.2018	31.05.2018	GS RK	National Bank of RK	KZWI1KD072794	120 000 000 000
25.05.2018	01.06.2018	GS RK	National Bank of RK	KZWI1KD072802	61 815 855 000
28.05.2018	12.05.2034	GS RK	Government of RK	KZKDKY200027	3 000 000 000
28.05.2018	04.06.2018	GS RK	National Bank of RK	KZWI1KD072828	33 500 000 000
29.05.2018	05.06.2018	GS RK	National Bank of RK	KZWI1KD072836	10 200 000 000
29.05.2018	12.04.2027	Eurobonds	Sinopec GRP Overseas DEV	USG8201NAC68	1 646 900 000
29.05.2018	03.05.2026	Eurobonds	Sinopec GRP Overseas DEV	USG8200TAD21	1 646 900 000
29.05.2018	13.09.2027	Eurobonds	Sinopec GRP Overseas DEV	USG8201NAH55	3 293 800 000
30.05.2018	27.06.2018	GS RK	National Bank of RK	KZWI1KD282856	38 000 000 000
30.05.2018	05.08.2026	Eurobonds	Export-Import BK India	US30216KAA07	1 653 350 000
30.05.2018	29.09.2026	Eurobonds	Sinopec GRP Overseas DEV	USG8200TAH35	3 306 700 000
30.05.2018	27.06.2018	GS RK	National Bank of RK	KZWI1KD282856	151 400 000 000
31.05.2018	07.06.2018	GS RK	National Bank of RK	KZWI1KD072869	72 000 000 000
<b>Total</b>					<b>1 447 220 032 000</b>

**Table 7. Information on financial instruments sale within reporting period**

Transaction date	Maturity date	Instrument	Emitter	ISIN	KZT amount of transaction
10.05.2018	30.04.2043	Bonds	Kazmunaygaz NC JSC	XS0925015157	58 851 259 536
10.05.2018	10.04.2021	Bonds	Kazmunaygaz NC JSC	XS0556885753	3 341 252 648
<b>Total</b>					<b>62 192 512 184</b>

**Table 8. Information on foreign banks deposits allocation within reporting period**

Transaction Date	Maturity Date	Bank	KZT amount of transaction
11.05.2018	15.08.2018	DBS Bank	48 960 000 000
30.05.2018	25.09.2018	Natixis	61 835 290 000
<b>Total</b>			<b>110 795 290 000</b>

**Table 9. Information on principal redemptions within reporting period**

ISIN	Instrument	Emitter	Date of actual redemption	KZT maturity amount
KZWI1KD092529	GS RK	National Bank of RK	02.05.2018	99 600 000 000
KZWI1KD282351	GS RK	National Bank of RK	02.05.2018	104 387 444 500
KZWI1KD092537	GS RK	National Bank of RK	03.05.2018	16 900 000 000
KZWI1KD072562	GS RK	National Bank of RK	03.05.2018	57 000 000 000
KZP02Y05E382	Bonds	Eurasian Bank of Development	05.05.2018	23 866 000 000
KZWI1KD072620	GS RK	National Bank of RK	10.05.2018	42 000 000 000
KZWI1KD292426	GS RK	National Bank of RK	10.05.2018	99 370 133 100
KZWI1KD082603	GS RK	National Bank of RK	10.05.2018	16 826 257 000
KZWI1KD092644	GS RK	National Bank of RK	14.05.2018	14 000 000 000
XS0625516157	Bonds	KAZKOMMERTSBANK JSC	14.05.2018	22 797 377 600
XS0625516157	Bonds	KAZKOMMERTSBANK JSC	15.05.2018	131 108
KZWI1KD282484	GS RK	National Bank of RK	16.05.2018	70 800 000 000
KZWI1KD072653	GS RK	National Bank of RK	17.05.2018	167 000 000 000
KZWI1KD072687	GS RK	National Bank of RK	21.05.2018	19 000 000 000

KZW1KD282559	GS RK	National Bank of RK	23.05.2018	115 713 044 400
KZW1KD072729	GS RK	National Bank of RK	24.05.2018	169 000 000 000
KZW1KD072752	GS RK	National Bank of RK	28.05.2018	22 900 000 000
KZKAKY100048	GS RK	National Bank of RK	29.05.2018	13 000 000 000
KZW1KD072760	GS RK	National Bank of RK	29.05.2018	7 300 000 000
KZW1KD282617	GS RK	National Bank of RK	30.05.2018	174 000 000 000
KZW1KD072794	GS RK	National Bank of RK	31.05.2018	120 000 000 000
US912796PH65	US GS	US Government	31.05.2018	53 255 580 000
<b>Total</b>				<b>1 428 715 967 708</b>

**Table 10. Information on deposit principal redemption within reporting period**

Date of redemption	Date of closing	Bank	KZT maturity amount
03.05.2018	29.12.2019	ALFA-BANK SB JSC*	184 557 622
21.05.2018	15.12.2019	AsiaCredit Bank JSC*	500 000 000
21.05.2018	20.10.2019	AsiaCredit Bank JSC*	800 000 000
22.05.2018	08.12.2019	Nurbank JSC*	352 870 307
22.05.2018	20.10.2019	Nurbank JSC *	2 954 129 693
31.05.2018	31.05.2018	Bank of Tokyo-Mitsubishi. LTD	49 402 500 000
<b>Total</b>			<b>54 194 057 622</b>

\* - partial redemption