

## UAPF JSC

### STRUCTURE OF PENSION ASSETS INVESTMENT PORTFOLIO

As of March 01, 2017 the pension assets (further – PA) of UAPF JSC under fiduciary management of the National Bank of RK amounted to KZT 6 746.28 bln<sup>1</sup>

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

**Table 1. Structure of UAPF pension assets investment portfolio under fiduciary management of NBRK by financial instruments**

Description	<i>KZT bln</i>				
	Current value as of 01.01.2017	Share on 01.01.2017	Current value as of 01.03.2017	Share on 01.03.2017	Growth/loss from the beginning of the year. %
<b>Government securities of RK</b>	2 910.82	43.57%	2 987.65	44.29%	2.64%
Foreign government securities	365.01	5.46%	360.69	5.35%	-1.18%
IFO	86.63	1.30%	86.69	1.29%	0.07%
Corporate bonds of RK emitters	84.03	1.26%	83.20	1.23%	-0.99%
Bonds of quasi public organizations of RK	900.17	13.48%	893.57	13.25%	-0.73%
Bonds of STB RK	1 450.20	21.71%	1 402.10	20.78%	-3.32%
Corporate bonds of foreign emitters	137.92	2.07%	132.56	1.96%	-3.89%
PPN	31.64	0.47%	30.51	0.45%	-3.56%
Shares and depository receipts of RK emitters	127.46	1.91%	137.83	2.04%	8.14%
Shares and depository receipts of foreign emitters	18.33	0.27%	18.14	0.27%	-1.03%
Deposits	399.91	5.99%	373.00	5.53%	-6.73%
Deposits in foreign banks	-	-	220.30	3.27%	-
Cash on investment accounts (less liabilities under financial instruments transactions)	151.84	2.27%	8.92	0.13%	-94.12%
Other assets (accounts receivable <sup>2</sup> , past-due debt, provisions)	16.18	0.24%	11.12	0.16%	-31.30%
<b>Total PA under fiduciary management of NBRK</b>	<b>6 680.14</b>	<b>100.00%</b>	<b>6 746.28</b>	<b>100.00%</b>	<b>0.99%</b>
Cash on contribution and benefit payment accounts	9.52		4.49		
<b>PA Total</b>	<b>6 689.66</b>		<b>6 750.77</b>		

Average YTM of debt instruments in the Fund's PA investment portfolio as of March 01, 2017 was 8.6%.

<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.

### **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 76.83 bln and came to KZT 2 987.65 bln. They took 44.29% of the portfolio.

Within the report month there was purchase of the short-term discount notes of NBRK in amount of KZT 1 246.32 bln with average YTM 11.6% per annum and securities of MinFin RK in amount of KZT 35.02 bln with average YTM 9.8% per annum.

There was repayment of discount notes of NBRK in amount of KZT 1 170.56 bln. There were no sales within the period

Average yield to maturity of the Government securities of RK in UAPF PA portfolio came to 8.2%.

### **Foreign government securities.**

Current value of FGS within the month reduced by KZT 4.32 bln upto KZT 360.69 bln. Their share came to 5.35%.

Within the period short term US Treasury bonds were purchased in amount of KZT 144.32 bln with average YTM 0.6%. There were no sales in the period.

US Treasury Bonds were redeemed in amount of KZT 130.75 bln in the period.

Within the report period average yield to maturity of foreign government securities in the PA portfolio came to 2.2% per annum.

### **IFO bonds.**

In February 2017 current value of IFO bonds increased by KZT 0.06 bln upto KZT 86.69 bln. The share of IFO bonds did not change and came to 1.29%.

No transactions with IFO bonds took place within report period.

Average yield to maturity of the IFO bonds in UAPF PA portfolio came to 7.3% per annum

### **Deposits in second tier banks of RK.**

As of March 01, 2017 amount of STB deposits in the report period decreased by KZT 26.91 bln and came to KZT 373.00 bln. Share of deposits came to 5.53%.

There was principal debt redemption in amount of KZT 25.09 bln. No allocations of deposits in RK STB took place in the period.

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

### **Deposits in foreign banks.**

As of March 01, 2017 current value of deposits in foreign banks came to KZT 220.3 bln. Their share was 3.27%.

Average yield to maturity of STB deposits in PA portfolio was 1.1% per annum.

### **RK corporate bonds**

Current value of RK corporate bonds amounted to KZT 83.20 bln decreasing by KZT 0.83 bln. Their share came to 1.23%.

No transactions took place in the period.

Average yield to maturity of corporate bonds of RK emitters came to 12.1%.

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

Amount of bonds of quasi-public organizations decreased by KZT 6.60 bln and came to 893.57 bln. Their share in the portfolio took 13.25%.

In the report period there was redemption of bonds of quasi-public organizations in amount of KZT 3.93 bln. No other transactions took place in the report period.

Average YTM of these securities in the UAPF PA portfolio was 10.4% per annum.

### **Bonds of STB RK**

Within the report month current value of STB bonds decreased by KZT 48.10 bln and came to KZT 1 402.10 bln. Their share took 20.78%.

Within the period there were bonds of RK STB redeemed in amount of principal debt of KZT 9.30 bln, also there was sale in amount of KZT 18.4 bln with average YTM 8.7% per annum. There was no purchase in the period.

Average YTM of STB bonds was 9.7% per annum.

### **Foreign corporate bonds**

In the report period amount of foreign corporate bonds decreased by KZT 5.36 bln and came to KZT 132.56 bln. The share came to 1.96%.

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

Average yield to maturity of corporate bonds emitters in PA portfolio was 8.1% per annum.

### **PPN**

PPN (structured notes) amount in the report period came to KZT 30.51 bln with share in portfolio of 0.45%.

There were 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 10.37 bln and amounted to KZT 137.83 bln. The share came to 2.04% of the portfolio.

In the report period there were RK emitters' share sold in amount of 456.46 mln. No purchase of shares of RK emitters took place in the period.

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

In the report period amount of foreign shares and depository receipts came to KZT 18.14 bln. Their share in portfolio came to 0.27%.

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

### **Derivatives**

Within the report period FX SWOP was carried out in amount of USD 112.00 mln in UAPF pension assets portfolio.

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

**Table 1. Structure of UAPF pension assets investment portfolio under fiduciary management of NBRK by currencies**

Currency	KZT bln				
	Current value as of 01.01.2017	Share on 01.01.2017	Current value as of 01.03.2017	Share on 01.03.2017	Growth/loss from the beginning of the year, %
National Currency	5 142.38	76.98%	5 186.01	76.87%	0.85%
US dollars	1 492.44	22.34%	1 514.62	22.45%	1.49%
Russian Rubles	35.12	0.53%	35.18	0.52%	0.18%
Other currencies	10.20	0.15%	10.47	0.16%	2.66%
<b>Total:</b>	<b>6 680.14</b>	<b>100.00%</b>	<b>6 746.28</b>	<b>100.00%</b>	<b>0.99%</b>

### **Investment results**

Investment income of two months of 2017 amounted to KZT 5.95 bln in result of pension assets investment under fiduciary management by NBRK 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 28.02.2017 was 0.02%.

Structure of investment income is in Table 3.

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

<i>KZT bln</i>	
Description	Investment income from the beginning of 2017
Income as remuneration on securities including deposits and Reverse REPO	85.30
Income (loss) of market revaluation	13.28
Income (loss) of FX revaluation	-89.40
Other income (loss)	-3.23
<b>Total:</b>	<b>5.95</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 01.03.2017.

**Table 4. UAPF PA Investment limits**

№	Financial instrument	Actual value (in % of pension assets)	Requirement performance (yes / no)
<b>1</b>	<b>Foreign emitters:</b>	<b>11.48%</b>	<b>yes</b>
1.1	Government, Agents and IFO securities:	<b>6.63%</b>	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	4.57%	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.	2.07%	yes
1.2	Corporate debt securities:	<b>0.86%</b>	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.	0.12%	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.	0.75%	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.	<b>0.00%</b>	yes
1.4	Shares, deposit receipts on shares	<b>0.27%</b>	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

1.5	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	3.27%	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	0.45%	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>85.94%</b>	yes
2.1	Government Securities of the Republic of Kazakhstan	44.29%	yes yes
2.2	Securities of the quasi-public sector	14.28%	yes
2.3	Financial instruments of Kazakhstani second tier banks	27.09%	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	0.09%	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	0.19%	yes
2.6	Islamic Financing Instruments included into the official list of KASE	0.06%	yes

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

<b>№</b>	<b>Financial instrument</b>	<b>Actual (in percent of pension assets)</b>	<b>Performance (yes/no)</b>
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