

INFORMATION ON INVESTMENT MANAGEMENT OF PENSION ASSETS OF UAPF JSC BY NBRK

As of June 1, 2024, UAPF pension assets¹ (hereinafter referred to as PA) held in trust by the National Bank of the Republic of Kazakhstan (hereinafter referred to as the NBRK) amounted to KZT19,123.58 bln².

The structure of the investment portfolio of financial instruments, formed at the expense of UAPF pension assets, is presented in Table 1.

Table 1. Structure of the investment portfolio of UAPF PAs held in trust by the NBRK, by financial instruments

KZT bln

Наименование	Текущая стоимость на 01.01.2024г.	Доля на 01.01.2024г.	Текущая стоимость на 01.06.2024г.	Доля на 01.06.2024г.	Прирост/снижение с начала года
GS MF RK	8,289.48	46.55%	8,728.33	45.64%	5.29%
Foreign GS	22.36	0.13%	740.72	3.87%	3,212.87%
IFO	359.46	2.02%	358.82	1.88%	-0.18%
Corporate bonds of RK issuers	14.01	0.08%	14.05	0.07%	0.27%
Bonds of quasi-public organizations of RK	1,619.89	9.10%	1,929.82	10.09%	19.13%
Bonds of STB of RK	848.05	4.76%	805.83	4.21%	-4.98%
PPN	7.23	0.04%	7.25	0.04%	0.32%
Shares and depository receipts of RK issuers	350.53	1.97%	399.38	2.09%	13.93%
Deposits	197.21	1.11%	195.74	1.02%	-0.74%
NBRK Deposits	876.66	4.92%	161.14	0.84%	-81.62%
Cash in investment accounts	48.34	0.27%	20.84	0.11%	-56.88%
REPO	26.71	0.15%	151.41	0.79%	466.94%
Other assets (accounts receivable and overdue debt, provisions)	0.00	0.00%	17.41	0.09%	
Index asset management, including:	5,146.10	28.90%	5,592.83	29.25%	8.68%
Assets of developed countries	1,644.24	9.23%	1,612.26	8.43%	-1.94%
Assets of developing countries	1,122.87	6.31%	1,119.41	5.85%	-0.31%
assets under external management	2,378.99	13.36%	2,861.15	14.96%	20.27%
under the developing country bond mandate:					
Aviva Investors Global Services Limited	173.41	0.97%	171.17	0.90%	-1.29%
by Global Actions Mandate:					
Invesco Asset Management Deutschland GmbH	170.5	0.96%	226.07	1.18%	32.59%
HSBC Global Asset Management (UK) Limited	311.96	1.75%	375.22	1.96%	20.28%
UBS Asset Management (UK) Ltd	226.16	1.27%	287.06	1.50%	26.93%
Blackrock Financial Management	176.62	0.99%	247.20	1.29%	39.96%
BlackRock Investment Management	116.41	0.65%	139.32	0.73%	19.68%
Robeco Institutional Asset Management B.V.	219.38	1.23%	242.70	1.27%	10.63%
under mandate of investment grade corporate bonds:					
Principal Global Investors (Europe) Limited	489.75	2.75%	486.66	2.54%	-0.63%
PGIM Limited	494.79	2.78%	494.54	2.59%	-0.05%
PIMCO Asia Pte Ltd	-	-	191.21	1.00%	100.00%
Total PA under fiduciary management of NBRK	17,806.03	100.00%	19,123.58	100.00%	7.40%
Cash in contribution and benefit payment accounts	38.97		4.96		
Total Pension Assets	17,845.01		19,128.54		7.19%

As of June 01, 2024 the weighted average yield to maturity (YTM) of debt financial instruments in the investment portfolio of PA UAPF amounted to 10.25% per annum, including those denominated in tenge - 11.61% per annum, in foreign currency - 5.48% per annum.

¹ formed from compulsory pension contributions, compulsory occupational pension contributions and voluntary pension contributions

² excluding money in the accounts of pension contributions and benefits.

Government securities of the Ministry of Finance of the Republic of Kazakhstan

The main share in the PA UAPF portfolio is occupied by government securities of the Ministry of Finance of the Republic of Kazakhstan, the current value of which during the reporting month decreased by KZT148.35 bln and amounted to KZT8,728.33 bln. Their share in the portfolio was 45.64%.

In the period under review, government securities of the Ministry of Finance of the Republic of Kazakhstan were purchased in the amount of KZT113.00 bln at par value with a weighted average yield of 12.59% per annum.

In the period under review, part of the Eurobonds of the government securities of the Ministry of Finance of the Republic of Kazakhstan was sold in the amount of KZT4.49 bln, and the government securities of the Ministry of Finance of the Republic of Kazakhstan were repaid in the amount of KZT128.42 bln.

As of the reporting date, the weighted average yield to maturity on government securities of the Ministry of Finance of the Republic of Kazakhstan amounted to 12.0% per annum.

Government securities of foreign countries in the liquidity sub-portfolio

The current value of government securities of foreign countries in the liquidity sub-portfolio for the reporting month increased by KZT75.39 bln and amounted to KZT740.72 bln. Their share in the portfolio was 3.87%.

In the period under review, US government securities were purchased in the amount of KZT126.09 bln at par value with a weighted average yield of 5.37% per annum.

In the reporting month, a portion of US government securities was sold in the amount of KZT60.00 bln. There were no redemptions of foreign securities during the reporting period.

The weighted average yield to maturity of government securities of foreign countries in the liquidity sub-portfolio of the currency portfolio of the UAPF PA as of the reporting date amounted to 6.0% per annum.

Bonds of international financial organizations

The current value of bonds of international financial organizations during the reporting month decreased by KZT1.06 bln and amounted to KZT358.82 bln. Their share in the portfolio was 1.88%.

There were no purchases or sales of securities of international financial organizations.

The weighted average yield to maturity on bonds of international financial organizations denominated in tenge with a fixed interest rate was 12.45% per annum, with an indexed interest rate - inflation and premium.

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 0.29 years, during the reporting month increased by KZT0.55 bln and amounted to KZT195.74 bln. Their share in the portfolio was 1.02%.

There were no placements or redemptions of deposits from STBs of the Republic of Kazakhstan.

The weighted average yield on repayment of deposits of STBs of the Republic of Kazakhstan as of the reporting date amounted to 9.17% per annum.

Deposits in the National Bank of the Republic of Kazakhstan

The current value of deposits in the National Bank of the Republic of Kazakhstan as of the reporting date amounted to KZT161.14 bln. Their share in the portfolio was 0.84%.

In the reporting month, as part of current liquidity management in order to maintain return on pension assets, investments were made into deposits of the National Bank of the Republic of Kazakhstan. The average volume of transactions amounted to KZT228.75 bln with an average weighted yield of 13.87% per annum.

Corporate bonds of issuers of the Republic of Kazakhstan

The current value of corporate bonds of issuers of the Republic of Kazakhstan amounted to KZT14.05 bln. Their share in the portfolio was 0.07%.

In the period under review, there were no purchases, redemptions, or sales of corporate bonds of Kazakhstan 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 increased by KZT106.03 bln and amounted to KZT1,929.82 bln. Their share in the portfolio was 10.09%.

In the period under review, bonds of Baiterek NWH JSC were purchased in the amount of KZT104.87 bln at par value with a weighted average yield of 13.48% per annum.

During the reporting period, there were no redemptions or sales of securities of quasi-public organizations of the Republic of Kazakhstan.

As of the reporting date, the weighted average yield to maturity on bonds of quasi-public organizations of the Republic of Kazakhstan denominated in tenge was 11.2% per annum, in US dollars - 5.5% per annum.

Bonds of second-tier banks of the Republic of Kazakhstan

The current value of bonds of STBs of the Republic of Kazakhstan for the reporting month increased by KZT2.51 bln and amounted to KZT805.83 bln. Their share in the portfolio was 4.21%.

There were no purchases or sales of bonds from STBs of the Republic of Kazakhstan.

As of the reporting date, the weighted average yield to maturity on bonds of STB RK was 10.6% per annum.

PPN (structured notes) of foreign issuers

The current value of PPN (structured notes) of foreign issuers in the reporting month amounted to KZT7.25 bln. Their share in the portfolio was 0.04%.

There were no sales, redemptions or purchases of PPN (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 issuers of the Republic of Kazakhstan for the reporting month increased by KZT28.25 bln and amounted to KZT399.38 bln. Their share in the portfolio was 2.09%.

During the period under review, there were no purchases and sales of shares and depository receipts of RK issuers.

Currency structure

The investment portfolio of financial instruments by currencies in which financial instruments acquired using the pension assets of the UAPF are denominated is presented in Table 2.

In the reporting period, in order to maintain the foreign exchange share of pension assets at the level of 30%, 500.00 million US dollars were purchased on the Kazakhstan Stock Exchange to diversify the investment portfolio.

Table 2. Structure of the investment portfolio of PA UAPF, which are in trust management of the NBRK, by currency

Currency	Current Value as of 01.01.2024	Share as of 01.01.2024	Current Value as of 01.06.2024	Share as of 01.06.2024	<i>KZT bln</i>
					Increase/Decrease from the beginning of the year
National Currency	12,161.38	68.30%	12,467.72	65.20%	2.52%
US dollar	5 639.89	31.67%	6,655.31	34.80%	18.00%
Other currencies	4.76	0.03%	0.55	0.00%	-88.44%
Total:	17,806.03	100.00%	19,123.58	100.00%	7.40%

Investment results

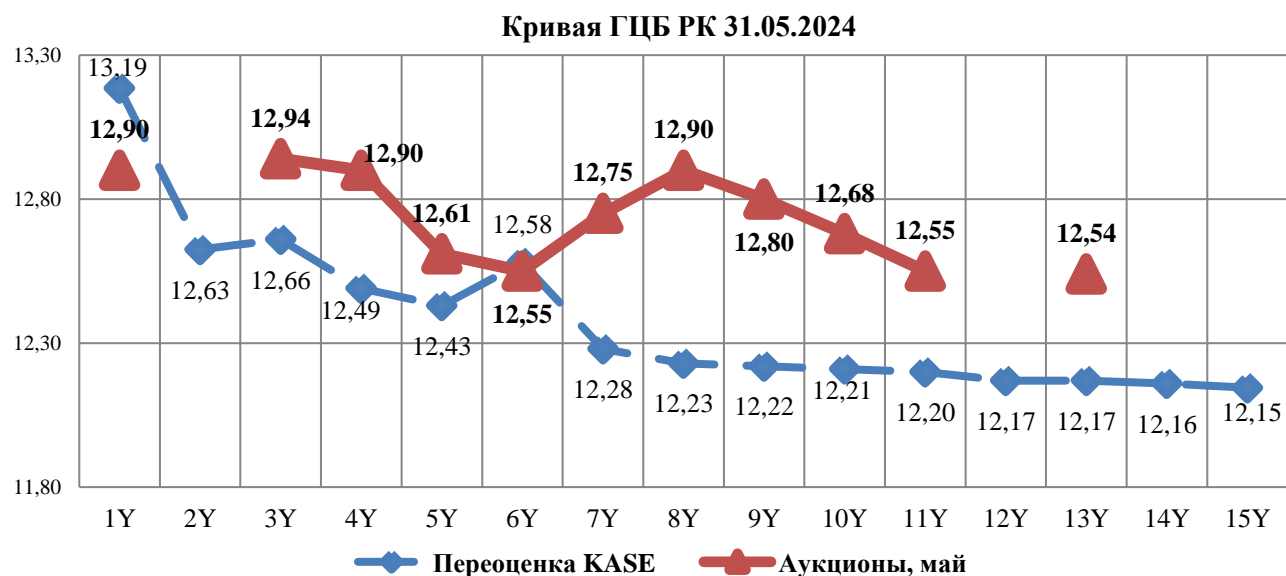
As a result of investment activities, as well as due to the volatility of foreign exchange rates and changes in the market value of financial instruments, the amount of accrued investment income since the beginning of 2024 amounted to KZT647.07 bln.

As of June 1, 2024, the return on UAPF pension assets over the last 12 months, distributed to the accounts of depositors (recipients), amounted to 10.31% with inflation of 8.50%. The return on UAPF pension assets distributed to the accounts of depositors (recipients) has amounted to 3.49% since the beginning of 2024.

In May 2024, there was an increase in market expectations for the US base rate against the backdrop of lower inflation in the US and a “cooling” labor market. So, according to market expectations, the probability of a rate cut in September 2024 was about 46% instead of 30% a month earlier. At the same time, the rhetoric of representatives of the US Federal Reserve continues to be restrained, leaning towards maintaining rates at a high level for a longer period of time until more data is received confirming a sustainable trend towards reducing inflation to the target level of 2%.

In this regard, the yield on the benchmark 10-year US Treasury bond decreased by 13 bps in May. Spreads on corporate and emerging market bonds narrowed by 4 bps. and 7 bp, respectively. The MSCI World share index rose 4.59%.

At auctions for the placement of government securities of the Republic of Kazakhstan in May, there was an increase in yields on the short-term segment of the government securities curve of the Republic of Kazakhstan against the backdrop of the NBRK’s decision to maintain the base rate at 14.75%, as well as a decrease in demand from market participants with an increase in borrowing volumes from the IFRK. The average demand at government securities auctions of the Republic of Kazakhstan exceeded supply by 1.9 times, while the main demand was concentrated on placements of short-term government securities. At the same time, the inflation rate in May decreased to 8.5% per annum (8.7% in April) or 0.4% per month (0.6% in April).



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

Table 3. Structure of investment income received from PA UAPF, which is in trust management of the National Bank of Kazakhstan

KZT bln

Description	Investment income in 2024
Income in the form of remuneration on securities, including on placed deposits and reverse REPO transactions and from market revaluation of securities	647.77
Income (loss) from market revaluation of securities	-57.23
Income (loss) from foreign currency revaluation	-46.81

Income (loss) on assets under external management	102.65
Other income (losses)	0.68
Total	647.07

Information on compliance with the investment declaration parameters

The structural distribution of UAPF PA in trust meets the requirements of the UAPF Investment Declaration³. Shares of foreign exchange positions remain within the acceptable level and do not violate the requirements of the UAPF Investment Declaration. Information on compliance with investment limits for UAPF PA as of June 1, 2024 is presented in Table 4.

Table 4. UAPF PA Investment limits Таблица 4. Лимиты инвестирования по ПА ЕНПФ

No.	Financial Instrument Type	Actual Value (Expressed as Percentage from the PA)	Compliance (Yes/No)
	Cash KZT	0.01%	yes
	Cash in foreign currency	0.12%	yes
1	Kazakhstani issuers:	63.64%	
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	45.64%	yes
1.1.1	Government securities of the Republic of Kazakhstan issued by local executive bodies of the Republic of Kazakhstan	0.00%	yes
1.2	Deposits of the National Bank of the Republic of Kazakhstan	0.84%	yes
1.3	Securities of the quasi-public sector entities	11.82%	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:	5.00%	yes
1)	Debt securities	3.88%	yes
2)	Equity securities	0.10%	yes
3)	Deposits	1.02%	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	0.00%	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	0.33%	yes
1.7	Islamic finance instruments included in the official list of the Kazakhstan Stock Exchange and / or AIFC Exchange	0.00%	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	0.00%	yes
2	Foreign financial instruments, including instruments traded on foreign financial markets:	33.75%	yes
2.1	Government, agency and securities of international financial organizations with a rating of the security and/or issuer not lower than "BB-" on the international scale of Standard & Poor's or a rating of a similar level by one of the other rating agencies	20.52%	yes
2.2.	Municipal securities as part of investing in government and agency securities	0.00%	yes
2.3	Corporate debt securities with a rating of the security and/or issuer not lower than "BB-" on the international scale of Standard & Poor's or a rating of a similar level by one of the other rating agencies	5.61%	yes
2.4	Securities secured by real estate (MBS) and assets (ABS) with a security and/or issuer rating of at least "BBB-" on the international scale of Standard & Poor's or a rating of a similar level by one of the other rating agencies	0.00%	yes

³ The investment declaration of the UAPF was approved by the Resolution of the Board of the National Bank of the Republic of Kazakhstan dated February 24, 2020 No. 10

2.5	Convertible securities as part of an investment in corporate securities with a rating of the security and/or issuer not lower than "BB-" on the international scale of the Standard & Poor's agency or a rating of a similar level by one of the other rating agencies	0.00%	yes
2.6	Shares, depositary receipts for shares	7.59%	yes
2.7	Deposits (contributions) with counterparties having a rating of at least "A-" on the international scale of Standard & Poor's or a rating of a similar level by one of the other rating agencies	0.00%	yes
2.8	Structured products issued by organizations that have a rating of at least "BBB-" on the international scale of Standard & Poor's or a rating of a similar level by one of the other rating agencies	0.04%	yes
2.9	Islamic finance instruments with a rating of at least "BB-" on the international scale of Standard & Poor's or a rating of a similar level by one of the other rating agencies	0.47%	yes

No.	Financial Instrument Type	Actual Value (% of PA)	Performance (Yes / No)
1	Derivative financial instruments, including:	0.00%	yes
1.1	Derivative financial instruments used to hedge investment risk	0.00%	yes
1.2	Derivative financial instruments used for investment purposes	0.00%	yes
1.3	Gold in bars and AU metallic accounts	0.00%	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	Nominal value in KZT
US GS	USD	US Government	126,089,550,000
GS RK	KZT	Government of RK	113,000,000,000
KGS bonds	KZT	Baiterek NWH JSC	104,872,527,000
Total			343 962 077 000

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

Instrument	Currency	Issuer	Transaction amount in KZT
US GS	USD	US Government	60,002,907,683
Eurobonds	USD	Government of RK	4,488,534,973
Total			64,491,442,657

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

Instrument	Currency	Issuer	Amount to be repaid in tenge
GS RK	KZT	Government of RK	128,418,318,000
Total			128,418,318,000