

INFORMATION OF THE PENSION ASSETS INVESTMENT MANAGEMENT OF THE UNIFIED ACCUMULATIVE PENSION FUND JOINT STOCK COMPANY (UAPF JSC)

As of September 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 12,947.03 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

Description	Current Value as of 01/01/2021	Share as of 01/01/2021	Current Value as of 01/09/2021	Share as of 01/09/2021	Increase/Decrease from the Beginning of the Year
Government securities of MF RK	5,648.40	43.80%	4,970.75	38.39%	-12.00%
Notes of NB RK	81.65	0.63%	-	0.00%	-100.00%
Foreign government securities	1,280.10	9.93%	1,326.59	10.25%	3.63%
IFO	531.43	4.12%	515.84	3.98%	-2.93%
Corporate bonds of RK issuers	29.80	0.23%	21.99	0.17%	-26.19%
Bonds of quasi-public organizations of RK	1,821.67	14.13%	1,727.32	13.34%	-5.18%
Bonds of second tier banks of RK	1,158.49	8.98%	1,058.40	8.17%	-8.64%
Corporate bonds of foreign issuers	6.89	0.05%	4.04	0.03%	-41.37%
Bonds of foreign quasi-public organizations	256.44	1.99%	4.34	0.03%	-98.31%
PPN	33.34	0.26%	10.53	0.08%	-68.41%
Shares and depository receipts of RK issuers	294.31	2.28%	367.13	2.84%	24.74%
Shares and depository receipts of foreign issuers	30.50	0.24%	0.20	0.002%	-99.35%
Deposits	251.71	1.95%	252.04	1.95%	0.13%
NBRK Deposits	332.19	2.58%	206.67	1.60%	-37.78%
Deposits in foreign banks	282.90	2.19%	954.75	7.37%	237.49%
Cash on investment accounts	12.02	0.09%	80.42	0.62%	
REPO	26.25	0.20%	166.48	1.29%	534.26%
Assets under external management)	816.53	6.33%	1,279.55	9.88%	56.71%
Total PA under fiduciary management of NBRK	12,894.60	100.00%	12,947.03	100.00%	0.41%
Cash on contribution and benefit payment accounts	22.51		8.46		
Total Pension Assets	12,917.11		12,955.50		0.30%

As of 01.09.2021 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 tenge - 9.6% per annum, in foreign currency – 0.7% 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 4,970.75 bln increasing by KZT 3.79 bln. Their share in the portfolio amounted to 38.39%.

¹ less cash on contribution and benefit payment accounts.

In the reporting period, the government securities of the Ministry of Finance of the Republic of Kazakhstan were repaid in the amount of KZT 14.71 bln, as well as within the framework of the transition to index management in accordance with paragraph 27 of the UAPF Investment Declaration, Eurobonds of the Ministry of Finance of the Republic of Kazakhstan were sold in the amount of KZT 59.81 bln.

In the period under review, government securities of the Ministry of Finance of the Republic of Kazakhstan were purchased in the amount of KZT 27.00 bln with an average weighted yield of 10.75% per annum.

As of the reporting date, the weighted average yield to maturity on government securities of the Ministry of Finance of the Republic of Kazakhstan, denominated in tenge, amounted to 9.1% per annum, in US dollars - 4.1% per annum.

Foreign government securities

The current value of government securities of foreign countries for the reporting month increased by KZT 132.72 bln and amounted to KZT 1,326.59 bln. Their share in the portfolio was 10.25%.

In the reporting period, the US government securities were repaid in the amount of KZT 213.64 bln.

In the period under review, US government securities were purchased in the amount of KZT 342.31 bln with a weighted average yield of 0.05%, as well as within the framework of the transition to index management in accordance with paragraph 27 of the UAPF Investment Declaration, government securities of the Government of Qatar were acquired in the amount of KZT 0.94 bln with an average weighted yield 1.55% per annum. There were no sales of foreign government securities.

The weighted average yield to maturity of foreign government securities in the UAPF PA portfolio as of the reporting date amounted to 0.2% per annum.

Bonds of international financial organizations

The current value of bonds of international financial organizations for the reporting month increased by KZT 1.06 bln and amounted to KZT 515.84 bln. Their share in the portfolio was 3.98%.

There were no purchases, redemptions or sales of securities of international financial institutions.

The weighted average yield to maturity on bonds of international financial organizations, denominated in tenge, with a fixed interest rate was 10.2% 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 3.0 years, decreased by KZT 1.52 bln during the reporting month and amounted to KZT 252.04 bln. Their share in the portfolio was 1.95%.

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

The weighted average yield to maturity of deposits of second-tier banks of the Republic of Kazakhstan as of the reporting date was 9.1% per annum.

Deposits in foreign banks

The current value of deposits with foreign banks at the reporting date amounted to KZT 954.75 bln. Their share in the portfolio was 7.37%.

In the reporting month, deposits in foreign banks were repaid in the amount of KZT 435.35 bln.

In the period under review, in order to maintain the profitability of the foreign exchange portfolio, deposits were placed in foreign banks with maturities from 1 day to 3 months, denominated in US dollars, in the amount of KZT 520.62 bln 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 206.67 bln. Their share in the portfolio was 1.60%.

In the reporting month, within the framework of current liquidity management in order to maintain profitability 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 91.74 bln with an average weighted yield of 8.69% per annum.

Corporate bonds of issuers of the Republic of Kazakhstan

The current cost of corporate bonds of RK issuers for the reporting month decreased by 1.16 KZT bln and amounted to 21.99 KZT bln. Their share in the portfolio was 0.17%.

There were no purchases, sales and redemption of corporate bonds of RK issuers.

Bonds of quasi-public organizations of the Republic of Kazakhstan

The current cost of bonds of quasi-public organizations of the Republic of Kazakhstan for the reporting month decreased by KZT 22.07 bln and amounted to KZT 1,727.32 bln. Their share in the portfolio was 13.34%.

In the reporting period, within the framework of the buyback, the bonds of the National Management Holding Baiterek JSC, previously issued by the National Management Holding KazAgro JSC, in the amount of KZT 37.45 bln were sold.

There were no purchases and redemptions 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, amounted to 10.8% 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 STB RK for the reporting month decreased by KZT 10.70 bln and amounted to KZT 1 058.40 bln. Their share in the portfolio was 8.17%.

There were no purchases, redemptions and sales 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 was KZT 4.04 bln. Their share in the portfolio was 0.03%.

There were no purchases, sales 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 10.2% 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 1.30 bln and amounted to KZT 4.34 bln. Their share in the portfolio was 0.03%.

In the reporting period, as part of the transition to index management in accordance with clause 27 of the UAPF Investment Declaration, quasi-public Eurobonds of the Indonesian power company Perusahaan Listrik Negar were sold for a total amount of KZT 1.51 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 4.2% per annum.

PPN (structured notes) of foreign issuers

The current cost of PPN (structured notes) of foreign issuers in the reporting month amounted to KZT 10.53 bln. Their share in the portfolio was 0.08%.

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

Shares and depositary receipts of issuers of the Republic of Kazakhstan

The current value of shares and depositary receipts of RK issuers for the reporting month increased by KZT 11.37 bln and amounted to KZT 367.13 bln. Their share in the portfolio was 2.84%. There were no purchases and sales of shares and depositary receipts of RK issuers.

Shares and depositary receipts of foreign issuers

The current value of shares and depositary receipts of foreign issuers was KZT 0.20 bln. Their share in the portfolio was 0.002%.

There were no purchases and sales of shares and depositary 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

<i>KZT bln</i>					
Currency	Current Value as of 01/01/2021	Share as of 01/01/2021	Current Value as of 01/09/2021	Share as of 01/09/2021	Increase/Decrease from the Beginning of the Year
National Currency	9 143.27	70.91%	8 828.89	68.20%	-3.44%
US dollar	3 726.85	28.90%	4 109.27	31.74%	10.26%
Russian ruble	17.48	0.14%	8.31	0.06%	-52.45%
Other currencies	7.00	0.05%	0.56	0.00%	-92.04%
Total:	12 894.60	100.00%	12 947.03	100.00%	0.41%

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 966.04 bln. The return on the UAPF's pension assets, distributed to the accounts of contributors (recipients) since the beginning of 2021, amounted to 7.65% with inflation of 5.80%. Thus, the real return on UAPF pension assets was 1.85%.

At the same time, as of September 1, 2021, the return on pension assets for the last 12 months (from September 2020 to August 2021) for contributors (beneficiaries) of the UAPF was 10.68% with inflation of 8.70%. Thus, over the past 12 months, the real return on pension assets of the UAPF amounted to 1.98%.

The structure of the 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

<i>KZT bln</i>	
Description	Investment return of 2021
Income in the form of interest on securities, including on placed deposits and reverse REPO operations.	589.42
Income (loss) from market revaluation of securities	80.40
Income (loss) from revaluation of foreign currency	28.70
Income (loss) on assets under external management	123.88
Other income (loss)	143.64
Total:	966.04

Information on compliance with investment declaration parameters

The structural distribution of UAPF PA under fiduciary management complies with requirements of the UAPF Investment Declaration². 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 September 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	0.03%	yes
	Cash in foreign currency	0.59%	yes
1	Kazakhstani issuers:	65.03%	
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	38.39%	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	1.60%	yes
1.3	Securities of the quasi-public sector entities	14.87%	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:	10.03%	yes
1)	Debt securities	6.95%	yes
2)	Equity securities	1.13%	yes
3)	Deposits	1.95%	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	0.14%	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:	31.30%	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	15.06%	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	5.16%	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	0.0%	yes

² 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

	scale of Standard & Poor's or a rating of a similar level from one of the other rating agencies		
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	3.62%	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	7.37%	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	0.08%	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

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	0.0%	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	Nominal Value, KZT
US GS	USD	US Government	342,308,250,000
Qatar GS	USD	Qatar Government	937,200,000
Total			343,245,450,000

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

Instrument	Currency	Issuer	Transaction Amount, KZT
RK GS	USD, KZT	RK Government (net purchases)	32,813,885,213
Bonds	KZT	Baiterek NMH JSC (formerly KazAgro NMH JSC)	37,445,924,056
Eurobonds of QPC of Indonesia	USD	Perusahaan Listrik Negara	1,512,721,624
Total			71,772,530,893

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

Instrument	Currency	Issuer	Transaction Amount, KZT
US GS	USD	US Government	213,639,810,000
RK GS	KZT	RK Government	14,707,020,000
Total			228,346,830,000

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

Instrument	Currency	Issuer	Transaction Amount, KZT
Deposit	USD	DBS Bank	191,210,000,000
Deposit	USD	Rabobank Nederland	124,349,360,000
Deposit	USD	Bank of Nova Scotia	90,312,560,000
Deposit	USD	Sumitomo Mitsui Banking	72,143,500,000
Deposit	USD	Bank of Montreal	42,600,000,000
Total			520,615,420,000

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

Type	Currency	Bank	Amount to be paid, KZT
Deposit	USD	DBS Bank	84,804,000,000
Deposit	USD	Bank of Tokyo-Mitsubishi	84,774,000,000
Deposit	USD	Bank of Nova Scotia	83,919,260,000
Deposit	USD	Bank of Montreal	72,120,800,000
Deposit	USD	Rabobank Nederland	67,176,040,000
Deposit	USD	Mizuho Corporate Bank	42,558,000,000
Total			435,352,100,000