

Information of the Pension Assets Investment Management of the Unified Accumulative Pension Fund Joint Stock Company (UAPF JSC)

As of February 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 13,108.49 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

Name	Current Value as of 01/01/2021	Share as of 01/01/2021	Current Value as of 01/02/2021	Share as of 01/02/2021	Increase/Decrease from the Beginning of the Year
Government securities of MF RK	5,648.40	43.80%	5,647.56	43.08%	-0.01%
Notes of NB RK	81.65	0.63%	24.61	0.19%	-69.85%
Foreign government securities	1,280.10	9.93%	1,264.48	9.65%	-1.22%
IFO	531.43	4.12%	533.56	4.07%	0.40%
Corporate bonds of RK issuers	29.80	0.23%	27.17	0.21%	-8.80%
Bonds of quasi-public organizations of RK	1,821.67	14.13%	1,825.58	13.93%	0.21%
Bonds of second tier banks of RK	1,158.49	8.98%	1,078.97	8.23%	-6.86%
Corporate bonds of foreign issuers	6.89	0.05%	6.92	0.05%	0.51%
Bonds of foreign quasi-public organizations	256.44	1.99%	259.15	1.98%	1.06%
PPN	33.34	0.26%	10.82	0.08%	-67.54%
Shares and depository receipts of RK issuers	294.31	2.28%	309.90	2.36%	5.30%
Shares and depository receipts of foreign issuers	30.50	0.24%	31.99	0.24%	4.90%
Deposits	251.71	1.95%	253.61	1.93%	0.76%
NBRK Deposits	332.19	2.58%	489.30	3.73%	47.30%
Deposits in foreign banks	282.90	2.19%	209.62	1.60%	-25.90%
Cash on investment accounts	12.02	0.09%	159.29	1.22%	
Other assets (accounts receivable ² , past-due accounts, provisions)	0.00	0.00%	0.00	0.00%	
REPO	26.25	0.20%	33.16	0.25%	26.34%
Assets under external management	816.53	6.33%	942.79	7.19%	15.46%
Total PA under fiduciary management of NBRK	12,894.60	100.00%	13,108.49	100.00%	1.66%
Cash on investment accounts for settlement of transactions					
Cash on contribution and benefit payment accounts	22.51		51.40		
Total Pension Assets	12,917.11		13,159.89		1.88%

Average yield to maturity of debt financial instruments in the Fund's PA investment portfolio as of February 01, 2021 is 7.8% including those nominated in KZT – 9.3% and nominated in foreign currency – 2.5% per annum.

¹ less cash on contribution and benefit payment accounts.

² accounts receivable includes 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 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 5,647.56 bln decreasing by KZT 0.84 bln. Their share in the portfolio amounted to 43.08%.

Within the period the Government Securities of the Ministry of Finances of RK denominated in KZT were sold in amount of KZT 0.50 bln. No GS of the Ministry of Finances of RK were acquired and redeemed.

As of the reporting date, the average yield to maturity of KZT nominated government securities of RK in UAPF PA portfolio is 8.9% per annum, while those nominated in USD – 4.4% per annum.

Notes of the National Bank of the Republic of Kazakhstan

The current value of the notes of the National Bank of the Republic of Kazakhstan as of the reporting date amounted to KZT 24.61 bln. Their share in the portfolio was 0.19%.

In the period under review, there were notes of the National Bank of the Republic of Kazakhstan redeemed in amount of KZT 57.46 bln. No sales, and purchases of notes of the National Bank of the Republic of Kazakhstan took place.

Foreign government securities

The current value of government securities of foreign states for the reporting month decreased by KZT 15.62 bln and amounted to KZT 1,264.48 bln. Their share in the portfolio was 9.65%.

In the period under review, US government securities were sold for a total amount of KZT 84.84 bln. There were government securities of foreign countries redeemed in amount of KZT 67.71 bln.

In the period under review, short-term US government securities were purchased in the amount of KZT 127.06 bln with a yield of 0.08% per annum.

The weighted average yield to maturity of the foreign government securities in the UAPF PA portfolio as of the reporting date was 1.04% per annum.

Bonds of international financial organizations

The current value of bonds of international financial organizations for the reporting month increased by KZT 2.13 bln and amounted to KZT 533.56 bln. Their share in the portfolio was 4.07%.

There were no acquisitions, sales, and redemption 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 9.8% per annum, with an indexed interest rate - inflation and premium, and in US dollars - 5.0% per annum.

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 3.61 years increased by KZT 1.90 bln during the reporting month and amounted to KZT 253.61 bln. Their share in the portfolio was 1.93%.

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

The weighted average yield to maturity of deposits of STB RK as of the reporting date was 9.1% per annum.

Deposits in foreign banks

The current value of deposits in foreign banks as of the reporting date amounted to KZT 209.62 bln. Their share in the portfolio was 1.60%.

In the reporting month, deposits in foreign banks were repaid for the total amount of KZT 151.54 bln.

In the reporting period, in order to maintain the profitability of the foreign exchange portfolio, a deposit was placed in a foreign bank with a maturity of 3 months, denominated in US dollars, in the amount of KZT 77.22 bln with an average weighted yield of 0.26% 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 489.30 bln. Their share in the portfolio was 3.73%.

In the reporting month, within the framework of current liquidity management in order to maintain return 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 200.28 bln with an average weighted yield of 8.31% per annum.

Corporate bonds of issuers of the Republic of Kazakhstan

The current value of corporate bonds of RK issuers for the reporting month decreased by KZT 2.62 bln and amounted to KZT 27.17 bln. Their share in the portfolio was 0.21%.

Within the reporting period there was redemption of KCELL JSC bonds in amount of KZT 2.50 bln.

There were no purchases and sales of corporate bonds of RK 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 KZT 3.91 bln and amounted to KZT 1,825.58 bln. Their share in the portfolio was 13.93%.

Within the reporting period there were no redemptions, acquisitions, and sales of bonds 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 10.7% per annum, in US dollars - 5.20% 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 79.52 bln and amounted to KZT 1,078.97 bln. Their share in the portfolio was 8.23%.

In the period under review, in accordance with the terms of the lending mechanism for priority projects (“the economy of simple things”), Subsidiary Bank Alfa-Bank JSC repurchased part of the bonds in the amount of KZT 5.37 bln. Also, the bonds of Halyk Bank of Kazakhstan JSC were redeemed in the amount of KZT 69.90 bln. There were no purchases of bonds of STB RK

As of the reporting date, the weighted average yield to maturity on bonds of STB RK denominated in tenge amounted to 10.1% per annum, in US dollars – 8.0% per annum.

Corporate bonds of foreign issuers

The current value of corporate bonds of foreign issuers for the reporting month increased by KZT 0.03 bln and amounted to KZT 6.92 bln. Their share in the portfolio was 0.05%.

In the reporting period, there were no purchases, redemptions and sales 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 8.0% 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 increased by KZT 2.71 bln and amounted to KZT 259.15 bln. Their share in the portfolio was 1.98%.

In the reporting period, there were no purchases, sales and 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 4.6% per annum.

PPN (structured notes) of foreign issuers

The current value of PPN (structured notes) of foreign issuers in the reporting month amounted to KZT 10.82 bln. Their share in the portfolio was 0.08%.

In the period under review, PPN (structured notes) were redeemed for a total of kzt 22.27 bln.

There were no sales and 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 15.59 bln and amounted to KZT 309.90 bln. Their share in the portfolio was 2.36%.

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 for the reporting month increased by KZT 1.49 bln and amounted to KZT 31.99 bln. Their share in the portfolio was 0.24%.

In the reporting period, there were no sales, as well as purchases 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
KZT bln

Currency	Current Value as of 01/01/2021	Share as of 01/01/2021	Current Value as of 01/02/2021	Share as of 01/02/2021	Increase/Decrease from the Beginning of the Year
National Currency	9,143.27	70.91%	9,254.58	70.60%	1.22%
US dollar	3,726.85	28.90%	3,828.75	29.21%	2.73%
Russian ruble	17.48	0.14%	17.33	0.13%	-0.86%
Other currencies	7.00	0.05%	7.83	0.06%	11.88%
Total:	12,894.60	100.00%	13,108.49	100.00%	1.66%

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 for January 2021 amounted to KZT 178.50 bln.

The return on pension assets of the UAPF, distributed to the accounts of contributors (beneficiaries) for January 2021 amounted to 1.37% with inflation rate of 0.60%. Thus, the real return on the UAPF's pension assets amounted to 0.77%.

The structure of 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

KZT bln

Description	Investment return from the beginning of 2021
Incomes in the form of interest on securities, including placed deposits and reverse repurchase transactions	76.13
Positive / negative adjustment from market revaluation of securities	18.18
Positive / negative adjustment from revaluation of foreign currency	21.16

Positive / negative adjustment from revaluation of other assets (OFI)	0.00
Positive / negative adjustment from external management	63.02
Other	0.01
Total:	178.50

Information on compliance with investment declaration parameters

The structural distribution of UAPF PA under fiduciary management complies with requirements of the UAPF Investment Declaration³. 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 February 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	0.01%	yes
	Cash in foreign currency	1.21%	yes
1	Kazakhstani issuers:	71.32%	
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	43.27%	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	3.73%	yes
1.3	Securities of the quasi-public sector entities	15.12%	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:	8.90%	yes
1)	Debt securities	6.30%	yes
2)	Equity securities	0.83%	yes
3)	Deposits	1.78%	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	0.30%	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	24.19%	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	14.59%	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	5.65%	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 scale of Standard & Poor's or a rating of a similar level from one of the other rating agencies	0.0%	yes
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	2.27%	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

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	1.60%	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	0.06%	yes

No.	Financial Instrument Type	Actual Value (% of PA)	Performance (Yes / No)
1	Derivative financial instruments, including:	0.0%	yes
1.1	Derivative financial instruments used to hedge investment risk	0.0%	yes
1.2	Derivative financial instruments used for investment purposes	0.0%	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	127,055,840,000.00
Total			127,055,840,000.00

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

Instrument	Currency	Issuer	Transaction Amount, KZT
US GS	USD	US Government	84,843,575,780.00
Bonds	KZT	Subsidiary Bank Alfa Bank JSC	5,371,723,882.00
RK GS	KZT	Government of RK	500,839,111.00
Total			90,716,138,773.00

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

Instrument	Currency	Issuer	Transaction Amount, KZT
Bonds	USD	Halyk Bank of Kazakhstan JSC	69,902,929,199.00
US GS	USD	US Government	67,706,720,000.00
RK GS	KZT	National Bank of RK	57,463,821,400.00
Bonds	USD	Merril Lynch	18,671,044,280.00
Bonds	USD	Bank of America	3,595,466,059.00
Bonds	KZT	KCELL JSC	2,500,000,000.00
Total			219,839,980,937.00

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

Instrument	Currency	Bank	Transaction Amount, KZT
Deposit	USD	Credit Agricole	77,222,340,000.00
Total			77,222,340,000.00

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

Instrument	Currency	Bank	Amount to be Paid, KZT
Deposit	USD	DBS Bank	84,134,000,000.00
Deposit	USD	Bank of Nova Scotia	67,405,870,000.00
Total			151,539,870,000.00