

## INFO ON UAPF JSC

### PENSION ASSETS INVESTMENT MANAGEMENT

As of May 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 8 135.72 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 01.05.2018.	Share 01.05.2018.	Growth/loss from the beginning of the year. %
Government securities of RK	3 587.63	46.14%	3 707.96	45.58%	3.35%
Foreign government securities	948.84	12.20%	1 011.80	12.44%	6.63%
IFO	172.55	2.22%	147.51	1.81%	-14.51%
Corporate bonds of RK emitters	58.30	0.75%	60.66	0.75%	4.04%
Bonds of quasi public organizations of RK	791.68	10.18%	795.14	9.77%	0.44%
Bonds of STB RK	1 246. 49	16.03%	1 234.66	15.18%	-0.95%
Corporate bonds of foreign emitters	9.35	0.12%	9.08	0.11%	-2.83%
Bonds of foreign quasi public organizations	53.39	0.69%	58.34	0.72%	9.27%
PPN	35.00	0.45%	33.97	0.42%	-2.95%
Shares and depository receipts of RK emitters	184.14	2.37%	163.10	2.00%	-11.43%
Shares and depository receipts of foreign emitters	23.68	0.30%	23.36	0.29%	-1.38%
Deposits	325.82	4.19%	321.50	3.95%	-1.32%
Deposits in foreign banks	277.41	3.57%	396.43	4.87%	42.90%
REPO	11.02	0.14%	9.41	0.12%	-14.62%
Cash on investment accounts (less liabilities under financial instruments transactions)	20.88	0.27%	50.99	0.63%	144.21%
Other assets (accounts receivable <sup>2</sup> , past-due debt, provisions)	28.62	0.37%	39.70	0.49%	38.71%
Assets under external management by Aviva Investors Global Services Limited*	-	-	72.12	0.89%	
<b>Total PA under fiduciary management of NBRK</b>	<b>7 774.82</b>	<b>100.00%</b>	<b>8 135.72</b>	<b>100.00%</b>	<b>4.64%</b>
Cash on contribution and benefit payment accounts , as well as cash for FI transactions settlement	9.51		5.52		
<b>PA Total</b>	<b>7 784.33</b>		<b>8 141.24</b>		<b>4.58%</b>

\* - within Global Bonds of Developing Markets mandate

Average YTM of debt instruments in the Fund's PA investment portfolio as of May 01, 2018 was 7.2% including those KZT nominated – 8.6% 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 127.48 bln and came to KZT 3 707.96 bln. They took 45.58% 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 and funds for FI settlements.

<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 1 110.36 bln with average YTM 8.54% per annum;
- GS of RK Ministry of Finance nominated in USD in amount of KZT 11.42 bln with average YTM 5.02% per annum;
- GS of RK Ministry of Finance nominated in KZT in amount of KZT 19.50 bln with average YTM 8.49% per annum.

There were NBRK discount notes redeemed in amount of KZT 1 035.00 bln.

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 – 4.3% per annum.

### **Foreign government securities**

Current value of FGS within the month decreased by KZT 93.76 bln upto KZT 1 011.80 bln. Their share came to 12.44%.

Within the reporting period foreign government securities in amount of KZT 123.19 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 3.2% per annum.

### **IFO bonds**

Current value of IFO bonds decreased by KZT 24.41 bln upto KZT 147.51 bln. The share of IFO bonds came to 1.81%.

There were IFO bonds redeemed in amount of KZT 23.87 bln (Payment is expected from April 25, 2018 to May 11, 2018)

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

Average yield to maturity of the IFO bonds in UAPF PA portfolio came to 6.9% per annum.

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

Current value of STB deposits with average maturity period of 5.3 years in the report period decreased by KZT 1.73 bln and came to KZT 321.50 bln. Share of deposits came to 3.95%.

Early redemption of STB deposits in amount of KZT 0.86 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 10.6% per annum.

### **Deposits in foreign banks**

As of May 01, 2018 current value of deposits in foreign banks with average maturity period of 2.27 month came to KZT 396.43 bln increasing by KZT 152.98 bln. Their share was 4.87%.

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

### **RK corporate bonds**

Current value of RK corporate bonds amounted to KZT 60.66 bln increasing by KZT 0.34 bln. Their share came to 0.75%.

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 increased by KZT 0.73 bln and amounted to KZT 795.14 bln. Their share came to 9.77% of the portfolio.

There were no transactions with these instruments in the period.

Average yield to maturity of RK quasi-public organizations bonds nominated in KZT came to 11.0% while the instruments nominated in USD – 5.3% per annum.

### Bonds of STB RK

Within the report month current value of STB bonds increased by KZT 5.46 bln and came to KZT 1 234.66 bln. Their share took 15.18%.

Bonds of STB RK were redeemed in amount of KZT 4.26 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 – 7.0% per annum.

### Foreign corporate bonds

In the report period amount of foreign corporate bonds came to KZT 9.08 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 7.4% per annum.

### Bonds of foreign quasi-public organizations

Within the reporting period current value of the bonds of foreign quasi-public organizations amounted to KZT 58.34 bln. Their share came to 0.72% of the portfolio.

Within new strategic distribution of FX pension assets portfolio provided in the UAPF Investment Declaration there were purchased bonds of Chinese quasi-public organizations nominated in USD in amount of KZT 6.54 bln by their nominal value with average YTM 4.20% per annum.

Average yield to maturity of foreign quasi-public organizations in PA portfolio came to 5.4% per annum.

### PPN

PPN (structured notes) amount in the report period came to KZT 33.97 bln increasing by KZT 0.08 bln with share in portfolio of 0.42%.

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 0.41 bln and amounted to KZT 163.10 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 1.46 bln and came to KZT 23.36 bln. Their share in portfolio came to 0.29%.

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 as of 01.01.2018.	Share as of 01.01.2018.	Current value as of 01.05.2018.	Share as of 01.05.2018.	Growth/ loss from the beginning of the year
National Currency	5 619.71	72.28%	5 626.94	69.16%	0.13%
US dollars	2 110.34	27.14%	2 466.38	30.32%	16.87%
Russian Rubles	36.90	0.47%	34.06	0.42%	-7.70%
Other currencies	7.88	0.10%	8.34	0.10%	5.93%
<b>Total:</b>	<b>7 774.82</b>	<b>100.00%</b>	<b>8 135.72</b>	<b>100.00%</b>	<b>4.64%</b>

## **Investment results**

Investment return from the beginning of the year amounted to KZT 181.11 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 2.14%.

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 return - 2018
Income as remuneration on securities including deposits and Reverse REPO	178.03
Income (loss) of market revaluation	21.33
Income (loss) of FX revaluation	-27.64
Income (loss) of external management	1.59
Other income (loss)	7.80
<b>Total:</b>	<b>181.11</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 01.05.2018.

**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>20.66%</b>	<b>yes</b>
1.1	Government, Agents and IFO securities:	14.25%	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	10.48%	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.	3.76%	yes
1.2	Corporate debt securities:	0.83%	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.	0.48%	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	0.29%	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	4.87%	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	0.42%	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

1.7	Islamic Financing Instruments:	0.00%	yes
1)	with securities and/or issuer'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 issuer'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>76.55%</b>	yes
2.1	GS RK issued by Ministry of Finance of RK, National Bank of RK	45.58%	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	10.28%	yes
2.3	Financial instruments of Kazakhstani second tier banks	20.37%	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 issuer'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	0.22%	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
02.04.2018	09.04.2018	RK GS	National Bank of RK	KZW1KD072323	122 600 000 000
03.04.2018	10.04.2018	RK GS	National Bank of RK	KZW1KD072331	41 500 000 000
04.04.2018	02.05.2018	RK GS	National Bank of RK	KZW1KD282351	104 387 444 500
04.04.2018	04.04.2033	RK GS	RK Government	KZKDKY150131	3 500 000 000
05.04.2018	12.04.2018	RK GS	National Bank of RK	KZW1KD072364	26 900 000 000
09.04.2018	16.04.2018	RK GS	National Bank of RK	KZW1KD072398	118 004 662 700
10.04.2018	17.04.2018	RK GS	National Bank of RK	KZW1KD072406	56 700 000 000
11.04.2018	10.05.2018	RK GS	National Bank of RK	KZW1KD292426	99 370 133 100
12.04.2018	19.04.2018	RK GS	National Bank of RK	KZW1KD072430	34 798 441 500
16.04.2018	16.04.2032	RK GS	RK Government	KZKDKY140033	10 000 000 000
16.04.2018	23.04.2018	RK GS	National Bank of RK	KZW1KD072455	91 884 546 300
17.04.2018	24.04.2018	RK GS	National Bank of RK	KZW1KD072463	11 400 822 300
18.04.2018	14.10.2044	RK GS	RK Government	XS1120709826	1 967 220 000
18.04.2018	16.05.2018	RK GS	National Bank of RK	KZW1KD282484	70 800 000 000
19.04.2018	26.04.2018	RK GS	National Bank of RK	KZW1KD072497	42 800 000 000
19.04.2018	13.09.2027	Eurobonds	Sinopec GRP Overseas DEV	USG8201NAH55	1 628 950 000
19.04.2018	21.07.2045	RK GS	RK Government	XS1263139856	6 190 010 000
20.04.2018	21.07.2045	RK GS	RK Government	XS1263139856	1 630 850 000
20.04.2018	14.10.2044	RK GS	RK Government	XS1120709826	1 630 850 000

23.04.2018	02.05.2018	RK GS	National Bank of RK	KZW1KD092529	99 600 000 000
23.04.2018	23.04.2033	RK GS	RK Government	KZKDKY150149	6 000 000 000
23.04.2018	04.05.2027	Eurobonds	State Grid Overseas Inv	USG8450LAJ38	1 632 600 000
24.04.2018	03.05.2018	RK GS	National Bank of RK	KZW1KD092537	16 900 000 000
25.04.2018	23.05.2018	RK GS	National Bank of RK	KZW1KD282559	115 713 044 400
26.04.2018	04.05.2027	Eurobonds	State Grid Overseas Inv	USG8450LAJ38	1 639 600 000
26.04.2018	13.09.2027	Eurobonds	Sinopec GRP Overseas DEV	USG8201NAH55	1 639 600 000
26.04.2018	03.05.2018	RK GS	National Bank of RK	KZW1KD072562	57 000 000 000
<b>Total</b>					<b>1 147 818 774 800</b>

**Table 7. Information on foreign banks deposits allocation within reporting period**

Transaction Date	Maturity Date	Bank	KZT amount of transaction
03.04.2018	03.07.2018	Credit Agricole	39 725 880 000
03.04.2018	03.08.2018	Mizuho Corporate Bank	40 046 250 000
09.04.2018	09.07.2018	Ing Bank N.V.	52 207 270 000
20.04.2018	19.07.2018	Credit Agricole	58 710 600 000
27.04.2018	03.08.2018	Societe Generale	25 889 880 000
27.04.2018	03.08.2018	Credit Agricole	25 889 880 000
<b>Total</b>			<b>242 469 760 000</b>

**Table 8. Information on principal redemptions within reporting period**

(ISIN)	Instrument	Issuer	Date of actual redemption	KZT maturity amount
KZW1KD072257	RK GS	National Bank of RK	02.04.2018	96 157 026 900
KZW1KD072265	RK GS	National Bank of RK	03.04.2018	40 000 000 000
KZW1KD282153	RK GS	National Bank of RK	04.04.2018	105 865 083 500
KZW1KD072299	RK GS	National Bank of RK	05.04.2018	26 000 000 000
KZW1KD072323	RK GS	National Bank of RK	09.04.2018	122 600 000 000
KZW1KD072331	RK GS	National Bank of RK	10.04.2018	41 500 000 000
KZW1KD282195	RK GS	National Bank of RK	11.04.2018	104 108 300 800
KZW1KD072364	RK GS	National Bank of RK	12.04.2018	26 900 000 000
US912796PA13	US GS	US Government	13.04.2018	21 273 850 000
KZW1KD072398	RK GS	National Bank of RK	16.04.2018	118 004 662 700
KZW1KD072406	RK GS	National Bank of RK	17.04.2018	56 700 000 000
KZW1KD072430	RK GS	National Bank of RK	19.04.2018	34 798 441 500
KZP02Y07C366	Bonds	Tsessnabank JSC	19.04.2018	4 259 880 000
US912796PB95	US GS	US Government	20.04.2018	69 148 040 000
KZW1KD072455	RK GS	National Bank of RK	23.04.2018	91 884 546 300
KZW1KD072463	RK GS	National Bank of RK	24.04.2018	11 400 822 300
KZW1KD282286	RK GS	National Bank of RK	25.04.2018	116 280 306 200
KZW1KD072497	RK GS	National Bank of RK	26.04.2018	42 800 000 000
US912796LX51	US GS	US Government	27.04.2018	32 772 000 000
<b>Total</b>				<b>1 162 452 960 200</b>

**Table 9. Information on deposit principal redemption within reporting period**

Date of redemption	Date of closing	Bank	KZT maturity amount
05.04.2018	10.12.2019	Bank CenterCredit JSC*	500 000 000
09.04.2018	09.04.2018	Natixis	49 324 660 000
11.04.2018	28.10.2019	Bank VTB (Kazakhstan) SO JSC*	206 000 000
27.04.2018	26.10.2019	Bank Kassa Nova JSC*	156 000 000
28.04.2018	30.04.2018	Mizuho Corporate Bank	49 087 500 000
<b>Total</b>			<b>99 274 160 000</b>

\* - partial redemption