

“UAPF” JSC

Information on pension assets investment management in March 2016

As of April 01, 2016 the pension assets (further – PA) of “UAPF” JSC under the management of the National Bank of RK amounted to KZT 6 066.85 bln¹.

Pension assets portfolio

Table 1. Pension assets

Instrument	Current value in bln KZT on 01.03.2016.	Share on 01.03.2016.	Current value in bln KZT on 01.04.2016.	Share on 01.04.2016.	Growth / loss
Government securities of RK	2 672.03	44.61%	2 739.69	45.16%	2.53%
Foreign government securities	52.38	0.87%	51.28	0.85%	-2.09%
IFO	85.24	1.42%	85.74	1.41%	0.58%
Corporate bonds of RK emitters	2 217.31	37.02%	2 217.74	36.55%	0.02%
Corporate bonds of foreign emitters	169.94	2.84%	168.57	2.78%	-0.81%
PPN	40.80	0.68%	42.55	0.70%	4.29%
Shares and depository receipts of RK emitters	107.63	1.80%	112.19	1.85%	4.24%
Shares and depository receipts of foreign emitters	13.87	0.23%	15.03	0.25%	8.38%
Deposits	355.53	5.93%	338.13	5.57%	-4.89%
REPO	-	0.00%	18.20	0.30%	-
Cash on investment account	270.06	4.51%	267.51	4.41%	-0.94%
Other assets (accounts receivable ² , past-due debt, provisions)	5.38	0.09%	10.22	0.17%	89.99%
PA Total under management of NBRK	5 990.17	100.00%	6 066.85	100.00%	1.28%
Cash on benefit payment accounts	1.84		1.62		-12.47%
PA Total	5 992.01		6 068.47		1.28%

Average yield to maturity of the Fund’s PA allocated on its members’ accounts in March 2016 was 2.4%.

Table 2. Share distribution of UAPF PA under management of NB RK

Instrument type	Share on 01.04.2016.
Debt financial instruments	93.32%
Share financial instruments	2.10%
Cash	4.41%
Other assets (receivables, past due debts, provisions)	0.17%
PA Total under management of NBRK:	100.00%

Average yield to maturity of the debt instruments in the Fund’s PA investment portfolio on April 01, 2016 was 10.5% per annum.

UAPF PA investment of the last month

In accordance with the Minutes of the Kazakhstan National Fund Management Board No 01-9.2 dated February 20th, 2016, the UAPF pension assets shall be invested in following directions:

- acquisition of the Government securities of the Republic of Kazakhstan to finance a fiscal deficit;
- acquisition of foreign currency to invest on foreign financial markets;

¹ less cash on payment accounts.

² 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.

- investing into contingent financial instruments of the second tier banks to finance small and medium businesses;
- investing into contingent securities of quasi-public sector' subjects.

Government securities of the Republic of Kazakhstan

Government securities of RK take main share of UAPF PA portfolio. In the report month their amount was increased by KZT 67.66 bln and came to KZT 2 739.69 bln. They took 45.16% of the portfolio.

Within the report month there was purchase of the short-term Government securities of RK in amount of KZT 271.65 bln with average YTM 16.23% per annum.

There was repayment of short-term Government securities of RK in nominal amount of KZT 218.78 bln.

Average yield to maturity of the Government securities of RK in UAPF PA portfolio came to 12.4%.

Foreign government securities

Amount of foreign government securities came to KZT 51.28 bln. Their share in the portfolio came to 0.85%.

No transactions took place in the report period.

Within the report period average yield to maturity of foreign government securities in the PA portfolio came to 5.2 % per annum.

IFO Bonds

Amount of IFO bonds was increased by KZT 0.50 bln and came to KZT 85.74 bln. Their share came to 1.41% of portfolio.

In the report month there were no transactions with the IFO bonds

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

Deposits in the second tier banks of the Republic of Kazakhstan

In the period amount of STB deposits decreased by KZT 17.40 bln and came to KZT 338.13 bln. Their share came to 5.57%.

Within report period there was principal redemption in amount of KZT 12.0 bln. No deposits were allocated.

Average yield to maturity of STB deposits in PA portfolio was 8.9% per annum.

Corporate bonds of RK emitters

In the report month amount of corporate bonds of RK emitters increased by KZT 0.43 bln and came to KZT 2 217.74 bln. Their share came to 36.55%.

There was principal redemption of corporate bonds of RK emitters in amount of KZT 0.68 bln. Neither purchase nor sales took place within the report period.

Average yield to maturity of corporate bonds of RK emitters came to 8.7%.

Foreign corporate bonds

In the report period amount of foreign corporate bonds decreased by KZT 1.37 bln and came to KZT 168.57 bln. The share came to 2.78%.

In the report period there was a principal redemption of foreign corporate bonds in amount of KZT 0.28 bln.

There were no other transactions with foreign corporate bonds in the report period.

Average yield to maturity of corporate bonds emitters in PA portfolio was 7.5% per annum.

PPN (structured notes) of foreign emitters

PPN (structured notes) amount in the report period amounted to KZT 42.55 bln with share in portfolio of 0.70%.

There were no transactions with foreign PPN.

Shares and depository receipts of RK emitters

In the report period amount of shares and depository receipts of RK emitters increased by KZT 4.56 bln and amounted to KZT 112.19bln. The share came to 1.85% of the portfolio.

In the report period there were neither sales nor purchase of shares of RK emitters.

Foreign shares and depository receipts

In the report period amount of foreign shares and depository receipts increased by KZT 1.16 bln and amounted to KZT 15.03 bln. Their share in portfolio came to 0.25%.

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

Structure of PA portfolio by currencies

Table 3. Structure of UAPF PA portfolio by currency types

Currency	Current value in bln KZT on 01.03.2016, KZT bln	Share on 01.03.2016	Current value in bln KZT on 01.04.2016, KZT bln	Share on 01.04.2016	Growth / loss in the last month
National currency	4 785.94	79.90%	4 868.43	80.25%	1.72%
US Dollars	1 164.37	19.44%	1 154.63	19.03%	-0.84%
Russian Rubles	29.29	0.49%	32.71	0.53%	11.69%
Malaysian Ringgits	4.96	0.08%	5.28	0.09%	6.52%
Brazilian Reals	2.89	0.04%	2.88	0.05%	-0.20%
UK Pounds	1.69	0.03%	1.88	0.03%	11.31%
Euro	1.03	0.02%	1.04	0.02%	0.82%
Total	5 990.17	100.00%	6 066.85	100.00%	1.28%

Investment results

In March 2016 accrued investment income of UAPF pension assets amounted to 45.01 bln.

Structure of investment income / loss:

- ✓ Investment income on deposits in second tier banks – KZT 2.48 bln.
- ✓ Investment income on securities - KZT 45.84 bln.
- ✓ Investment loss on foreign currency accounts - KZT 3.31 bln.

Growth rate of UAPF nominal pension unit in March 2016 came to 0.63%

Compliance with investment declaration parameters

Structure distribution of UAPF PA in the trust management complies with requirements of the SAPF Investment declaration. Shares of foreign currencies positions are within permitted levels and do not violate requirements of the UAPF Investment declaration.

Table 4. Limits of UAPF PA investment as of 01.04.2016

№	Financial instruments	Actual value (in % of pension assets)	Requirement performance (yes / no)
1	Foreign emitters:	5.81%	yes
1.1	Government, Agents and IFO securities:	2.26%	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	1.43%	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.	0.83%	yes
1.2	Corporate debt securities:	2.60%	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.	0.11%	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.	2.49%	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	0.25%	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	0.00%	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	0.70%	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
2	Kazakhstani Emitters:	87.19%	yes
2.1	Government Securities of the Republic of Kazakhstan	45.16%	yes
2.2	Securities of the quasi-public sector	9.40%	yes
2.3	Financial instruments of Kazakhstani second tier banks	32.22%	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	0.11%	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	0,25%	yes
2.6	Islamic Financing Instruments included into the official list of KASE	0.00%	yes

Table 5. Investment limits for UAPF pension assets on certain financial instruments

No	Financial Instrument	Actual (in per cent of total pension assets)	Requirement Performance (yes/no)
1	Standard Derivatives	0,00%	yes
1)	in case of derivatives are used for investment risk hedging	0,00%	yes
2	Gold in bars and on metal accounts	0,00%	yes