

INFO ON UAPF JSC

PENSION ASSETS INVESTMENT MANAGEMENT

As of November 01, 2017 UAPF JSC pension assets (hereinafter referred to as PA) under fiduciary management of the National Bank of RK (hereinafter, NBRK) amounted to KZT 7 589.34 bln¹

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 01.01.2017	Share 01.01.2017.	Current value 01.11.2017.	Share 01.11.2017.	Growth/loss from the beginning of the year, %
Government securities of RK	2 910.82	43.57%	3 296.64	43.44%	13.25%
Foreign government securities	365.01	5.46%	791.64	10.43%	116.88%
IFO	86.63	1.30%	155.86	2.05%	79.91%
Corporate bonds of RK emitters	84.03	1.26%	59.86	0.79%	-28.77%
Bonds of quasi public organizations of RK	900.17	13.48%	852.31	11.23%	-5.32%
Bonds of STB RK	1 450.20	21.71%	1 261.49	16.62%	-13.01%
Corporate bonds of foreign emitters	137.92	2.07%	62.90	0.83%	-54.39%
PPN	31.64	0.47%	31.18	0.41%	-1.46%
Shares and depository receipts of RK emitters	127.46	1.91%	169.21	2.23%	32.76%
Shares and depository receipts of foreign emitters	18.33	0.27%	22.18	0.29%	21.07%
Deposits	399.91	5.99%	327.66	4.32%	-18.07%
Deposits in foreign banks	-	-	441.28	5.81%	-
REPO	-	-	6.43	0.08%	-
Cash on investment accounts (less liabilities under financial instruments transactions)	151.84	2.27%	102.75	1.35%	-32.32%
Other assets (accounts receivable ² , past-due debt, provisions)	16.18	0.24%	7.95	0.10%	-50.92%
Total PA under fiduciary management of NBRK	6 680.14	100.00%	7 589.34	100.00%	13.61%
Cash on contribution and benefit payment accounts	9.52		2.33		
PA Total	6 689.66		7 591.67		13.48%

Average YTM of debt instruments in the Fund's PA investment portfolio as of November 01, 2017 was 7.4%.

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 31.92 bln and came to KZT 3 296.64 bln. They took 43.44% of the portfolio.

Within the report month there was purchase of following instruments on their nominal value:

- the short-term discount notes of NBRK in amount of KZT 1 049.43 bln with average YTM 9.3% per annum;

¹ less cash on contribution and benefit 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.

- Bonds of Ministry of Finance nominated in KZT in amount of KZT 90.32 bln with average YTM 8.99% per annum;
- Bonds of Ministry of Finance nominated in USD in amount of KZT 15.43 bln with average YTM 4.43% per annum.

There was repayment of discount notes of NBRK in amount of KZT 1 119.68 bln and Bonds of Ministry of Finance in amount of KZT 2.01 bln.

Average yield to maturity of KZT nominated Government securities of RK in UAPF PA portfolio came to 7.8% per annum, while those nominated in USD – 4.3% per annum.

Foreign government securities

Current value of FGS within the month decreased by KZT 39.35 bln upto KZT 791.64 bln. Their share came to 10.43%.

Within the reporting period the short term bonds of US Treasury in amount of KZT 192.57 on their nominal value with average YTM 1.2% per annum as well as RF bonds in amount of KZY 3.30 bln with average YTM 7.30% per annum.

Short-term US Treasury bonds were sold in amount of KZT 60.56 bln in the reporting period.

There were foreign government securities nominated in USD redeemed in amount of KZT 156.92 bln.

Within the report period average yield to maturity of foreign government securities in the PA portfolio came to 2.3% per annum.

IFO bonds

Current value of IFO bonds increased by KZT 45.10 bln upto KZT 155.86 bln. The share of IFO bonds came to 2.05%.

Within the reporting period in accordance with the decision of the RK National Fund Management Board dated March 14, 2017 there were bonds of IFO with international scale rating AAA purchased in amount of KZT 48.00 bln on their nominal value with inflation level YTM and premium in amount of 0.1% per annum.

There was principal redemption in amount of KZT 3.37 bln within the period.

There were no sale transactions in the period.

Average yield to maturity of the IFO bonds in UAPF PA portfolio came to 7.1% per annum.

Deposits in second tier banks (STB) of RK

Current value of STB deposits with average maturity period of 5 - 7 years in the report period decreased by KZT 1.51 bln and came to KZT 327.66 bln. Share of deposits came to 4.32%.

Within the reporting period there was partial principal redemption in amount of KZT 0.57 bln.

No STB deposits allocations took place in the period.

Average yield to maturity of STB deposits in PA portfolio was 10.7% per annum.

Deposits in foreign banks

As of November 01, 2017 current value of deposits in foreign banks with average maturity period of 1 - 4 months came to KZT 441.28 bln increasing by KZT 37.74 bln. Their share was 5.81%.

Average yield to maturity of STB deposits in PA portfolio was 1.4% per annum.

RK corporate bonds

Current value of RK corporate bonds amounted to KZT 59.86 bln increasing by KZT 0.54 bln. Their share came to 0.79%.

No transactions took place in the period.

Average yield to maturity of corporate bonds of RK emitters came to 11.9%.

Bonds of quasi-public organizations of RK

Within the reporting period current value of the bonds of RK quasi-public organizations decreased by KZT 0.54 bln and amounted to KZT 852.31 bln. Their share came to 11.23% of the portfolio.

There was principal redemption of Samruk-Qazyna FNW JSC bonds in amount of KZT 24.94 bln (the decrease was listed in previous month).

There were no other transactions with these instruments in the period.

Average yield to maturity of RK quasi-public organizations bonds nominated in KZT came to 11.2% while the instruments nominated in USD – 5.3% per annum.

Bonds of STB RK

Within the report month current value of STB bonds decreased by KZT 3.97 bln and came to KZT 1 261.49 bln. Their share took 16.62%.

In October 2017 there were no transactions with these instruments.

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 decreased by KZT 1.06 bln and came to KZT 62.90 bln. The share came to 0.83%.

Within the reporting period the foreign corporate bonds were sold in amount of KZT 0.39 bln.

There were no other transactions with foreign corporate bonds in the PA portfolio of UAPF in the period.

Average yield to maturity of corporate bonds emitters in PA portfolio was 5.8% per annum.

PPN

PPN (structured notes) amount in the report period came to KZT 31.18 bln decreasing by KZT 0.54 bln with share in portfolio of 0.41%.

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 decreased by KZT 1.61 bln and amounted to KZT 169.21 bln. The share came to 2.23% of the portfolio.

In the report period there were no transactions with RK emitters' shares.

Foreign shares and depository receipts

In the report period amount of foreign shares and depository receipts increased by KZT 0.23 bln and came to KZT 22.18 bln. Their share in portfolio came to 0.29%.

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

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 01.01.2017	Share on 01.01.2017	Current value as of 01.11.2017	Share on 01.11.2017	Growth/loss from the beginning of the year, %
National Currency	5 142.38	76.98%	5 443.92	71.73%	5.86%
US dollars	1 492.44	22.34%	2 101.09	27.68%	40.78%
Russian Rubles	35.12	0.53%	36.25	0.48%	3.24%
Other currencies	10.20	0.15%	8.08	0.11%	-20.82%
Total:	6 680.14	100.00%	7 589.34	100.00%	13.61%

Investment results

Investment return of ten months of 2017 amounted to KZT 494.5 bln in result of pension assets investment under fiduciary management by NBRK 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 from 01.01.2017 to 31.10.2017 was 6.62% which means 7.94% per annum.

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 from the beginning of 2017
Income as remuneration on securities including deposits and Reverse REPO	425.29
Income (loss) of market revaluation	28.42
Income (loss) of FX revaluation	39.05
Other income (loss)	4.56
Total:	497.32

Compliance with investment declaration parameters

Structure distribution of UAPF PA under fiduciary management complies with requirements of the UAPF Investment Declaration³. 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 01.11.2017.

Table 4. UAPF PA Investment limits

No	Financial instrument	Actual value (in % of pension assets)	Requirement performance (yes / no)
1	Foreign emitters:	19.83%	yes
1.1	Government, Agents and IFO securities:	12.48%	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	9.36%	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.	3.13%	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.	0.09%	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.	0.74%	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	5.81%	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	0.41%	yes
1.7	Islamic Financing Instruments:	0.00%	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

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
2	Kazakhstani emitters:	77.87%	yes
2.1	GS RK issued by Ministry of Finance of RK, National Bank of RK	43.44%	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	12.22%	yes
2.3	Financial instruments of Kazakhstani second tier banks	21.86%	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	0.08%	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	0.27%	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
02.10.2017	09.10.2017	NBRK notes	National Bank of RK	KZW1KD070616	48 328 662 600
03.10.2017	10.10.2017	NBRK notes	National Bank of RK	KZW1KD070624	53 684 498 200
04.10.2017	01.11.2017	NBRK notes	National Bank of RK	KZW1KD280645	81 676 276 900
04.10.2017	29.03.2018	US GOVERNMENT SECURITIES	US GOVERNMENT	US912796LS66	34 361 000 000
04.10.2017	29.03.2018	US GOVERNMENT SECURITIES	US GOVERNMENT	US912796LS66	32 299 340 000
05.10.2017	12.10.2017	NBRK notes	National Bank of RK	KZW1KD070657	52 030 634 000
06.10.2017	13.10.2017	NBRK notes	National Bank of RK	KZW1KD070665	73 550 000 000
06.10.2017	14.08.2021	RK GOVERNMENT SECURITIES	RK MinFin	KZK2KY040519	16 000 000 000
06.10.2017	21.07.2045	RK GOVERNMENT SECURITIES	RK MinFin	XS1263139856	1 718 300 000
06.10.2017	14.10.2044	RK GOVERNMENT SECURITIES	RK MinFin	XS1120709826	1 718 300 000
09.10.2017	16.10.2017	NBRK notes	National Bank of RK	KZW1KD070673	50 184 466 800
10.10.2017	17.10.2017	NBRK notes	National Bank of RK	KZW1KD070681	44 947 905 400
11.10.2017	08.11.2017	NBRK notes	National Bank of RK	KZW1KD280702	68 853 556 200
12.10.2017	19.10.2017	NBRK notes	National Bank of RK	KZW1KD070715	56 209 341 100
12.10.2017	21.07.2045	RK	RK MinFin	XS1263139856	1 671 250 000

		GOVERNMENT SECURITIES			
12.10.2017	12.04.2018	US GOVERNMENT SECURITIES	US GOVERNMENT	US912796PA13	21 726 250 000
13.10.2017	20.10.2017	NBRK notes	National Bank of RK	KZW1KD070723	4 605 499 800
13.10.2017	14.08.2021	RK GOVERNMENT SECURITIES	RK MinFin	KZK2KY040519	28 000 000 000
16.10.2017	23.10.2017	NBRK notes	National Bank of RK	KZW1KD070749	23 770 160 300
16.10.2017	16.10.2017	RF GOVERNMENT SECURITIES	RF GOVERNMENT	RU000A0JTYA5	3 299 940 000
16.10.2017	21.11.2021	IFO	European Bank for Reconstruction and Development	XS1699970478	24 000 000 000
16.10.2017	15.12.2021	IFO	European Bank for Reconstruction and Development	XS1699970718	24 000 000 000
17.10.2017	24.10.2017	NBRK notes	National Bank of RK	KZW1KD070756	39 344 563 000
18.10.2017	15.11.2017	NBRK notes	National Bank of RK	KZW1KD280777	82 391 033 100
18.10.2017	18.10.2017	US GOVERNMENT SECURITIES	US GOVERNMENT	US912796PB95	70 716 840 000
19.10.2017	26.10.2017	NBRK notes	National Bank of RK	KZW1KD070798	34 867 935 100
20.10.2017	14.08.2021	RK GOVERNMENT SECURITIES	RK MinFin	KZK2KY040519	35 000 000 000
20.10.2017	27.10.2017	NBRK notes	National Bank of RK	KZW1KD070806	6 127 085 300
23.10.2017	30.10.2017	NBRK notes	National Bank of RK	KZW1KD070822	29 403 689 100
24.10.2017	31.10.2017	NBRK notes	National Bank of RK	KZW1KD070830	48 242 571 400
25.10.2017	22.11.2017	NBRK notes	National Bank of RK	KZW1KD280850	114 217 146 900
25.10.2017	14.10.2044	RK GOVERNMENT SECURITIES	RK MinFin	XS1120709826	1 831 170 000
25.10.2017	21.07.2045	RK GOVERNMENT SECURITIES	RK MinFin	XS1263139856	4 494 690 000
25.10.2017	21.07.2025	RK GOVERNMENT SECURITIES	RK MinFin	XS1263054519	3 995 280 000
26.10.2017	02.11.2017	NBRK notes	National Bank of RK	KZW1KD070871	17 000 000 000
27.10.2017	03.11.2017	NBRK notes	National Bank of RK	KZW1KD070889	12 391 458 800
27.10.2017	14.08.2021	RK GOVERNMENT SECURITIES	RK MinFin	KZK2KY040519	9 317 803 000
30.10.2017	06.11.2017	NBRK notes	National Bank of RK	KZW1KD070905	56 600 000 000
30.10.2017	18.08.2026	RK GOVERNMENT SECURITIES	RK MinFin	KZKDKY150040	2 000 000 000
31.10.2017	07.11.2017	NBRK notes	National Bank of RK	KZW1KD070913	51 000 000 000
31.10.2017	26.04.2018	US GOVERNMENT SECURITIES	US GOVERNMENT	US912796LX51	33 471 000 000
Total					1 399 047 647 000

Table 7. Information on financial instruments sale within reporting period

Transaction Date	Maturity Date	Instrument	Emmitter	ISIN	KZT amount of transaction
25.10.2017	01.11.2022	Bonds	Samarco Mineracao	USP84050AA46	386 210 400
26.10.2017	09.11.2017	US GOVERNMENT SECURITIES	US GOVERNMENT	US912796KX60	10 697 109 708
30.10.2017	09.11.2017	US GOVERNMENT SECURITIES	US GOVERNMENT	US912796KX60	42 163 992 058
30.10.2017	16.11.2017	US GOVERNMENT SECURITIES	US GOVERNMENT	US912796MC06	7 695 148 022
Total					60 942 460 189

Amounts of Transactions with US Government securities were booked by date of cash receipts

Table 8. Information on foreign banks deposits allocation within reporting period

Transaction Date	Maturity Date	Emitter	KZT amount of transaction
03.10.2017	03.01.2018	Mizuho Bank. LTD	55 804 680 000
10.10.2017	09.01.2018	Bank of Tokyo-Mitsubishi UFJ	50 959 480 000
Total			106 764 160 000

Table 9. Information on principal redemptions within reporting period

ISIN	Instruments	Emitter	Date of actual redemption	KZT maturity amount
KZW1KD070541	NBRK notes	National Bank of RK	02.10.2017	60 475 226 900
KZP01Y07D853	Bonds	Samruq-Qazyna NWF	03.10.2017	24 940 000 000
KZW1KD070558	NBRK notes	National Bank of RK	03.10.2017	76 451 083 100
KZW1KD280371	NBRK notes	National Bank of RK	04.10.2017	48 700 000 000
XS0837020014	IFO	Eurasian Bank of Development	05.10.2017	3 366 000 000
KZW1KD070582	NBRK notes	National Bank of RK	05.10.2017	65 300 000 000
US912796LW78	US GOVERNMENT SECURITIES	US GOVERNMENT	05.10.2017	65 032 500 000
KZW1KD070590	NBRK notes	National Bank of RK	06.10.2017	65 600 000 000
KZW1KD070616	NBRK notes	National Bank of RK	09.10.2017	48 328 662 600
KZW1KD070624	NBRK notes	National Bank of RK	10.10.2017	53 684 498 200
KZW1KD280447	NBRK notes	National Bank of RK	11.10.2017	60 300 000 000
KZW1KD070657	NBRK notes	National Bank of RK	12.10.2017	52 030 634 000
US912796KR92	US GOVERNMENT SECURITIES	US GOVERNMENT	13.10.2017	24 063 120 000
KZW1KD070665	NBRK notes	National Bank of RK	13.10.2017	73 550 000 000
KZW1KD070673	NBRK notes	National Bank of RK	16.10.2017	50 184 466 800
KZW1KD070681	NBRK notes	National Bank of RK	17.10.2017	44 947 905 400
KZW1KD280512	NBRK notes	National Bank of RK	18.10.2017	63 745 408 300
US912796LY35	US GOVERNMENT SECURITIES	US GOVERNMENT	19.10.2017	67 824 330 000
KZW1KD070715	NBRK notes	National Bank of RK	19.10.2017	56 209 341 100
KZW1KD070723	NBRK notes	National Bank of RK	20.10.2017	4 605 499 800
KZW1KD070749	NBRK notes	National Bank of RK	23.10.2017	23 770 160 300
KZW1KD070756	NBRK notes	National Bank of RK	24.10.2017	39 344 563 000
KZW1KD280579	NBRK notes	National Bank of RK	25.10.2017	113 816 093 400
KZW1KD070798	NBRK notes	National Bank of RK	26.10.2017	34 867 935 100
KZW1KD070806	NBRK notes	National Bank of RK	27.10.2017	6 127 085 300
KZW1KD070822	NBRK notes	National Bank of RK	30.10.2017	29 403 689 100
KZW1KD070830	NBRK notes	National Bank of RK	31.10.2017	48 242 571 400
KZKAKY100030	RK GOVERNMENT SECURITIES	RK MinFin	30.10.2017	2 010 000 000
Total				1 306 920 773 800

Table 10. Information on foreign banks deposit principal redemption within reporting period

Date of redemption	Date of closing	Emitter	KZT maturity amount
10.10.2017	10.10.2017	Bank of Tokyo-Mitsubishi. LTD.	53 996 800 000
31.10.2017	31.10.2017	ING Bank N.V.	80 330 400 000
Total			134 327 200 000