

UAPF JSC

STRUCTURE OF PENSION ASSETS INVESTMENT PORTFOLIO

As of April 01, 2017 UAPF JSC pension assets (further – PA) under fiduciary management of the National Bank of RK amounted to KZT 6 841.44 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

Description	<i>KZT bln</i>				
	Current value as of 01.01.2017	Share on 01.01.2017	Current value as of 01.04.2017	Share on 01.04.2017	Growth/loss from the beginning of the year. %
Government securities of RK	2 910.82	43.57%	2 817.40	41.18%	-3.21%
Foreign government securities	365.01	5.46%	605.07	8.85%	65.77%
IFO	86.63	1.30%	86.70	1.27%	0.08%
Corporate bonds of RK emitters	84.03	1.26%	82.47	1.21%	-1.87%
Bonds of quasi public organizations of RK	900.17	13.48%	899.12	13.14%	-0.12%
Bonds of STB RK	1 450.20	21.71%	1 410.79	20.62%	-2.72%
Corporate bonds of foreign emitters	137.92	2.07%	132.83	1.94%	-3.69%
PPN	31.64	0.47%	31.04	0.45%	-1.90%
Shares and depository receipts of RK emitters	127.46	1.91%	142.32	2.08%	11.66%
Shares and depository receipts of foreign emitters	18.33	0.27%	17.91	0.26%	-2.24%
Deposits	399.91	5.99%	342.14	5.00%	-14.45%
Deposits in foreign banks	-	-	221.08	3.23%	-
Cash on investment accounts (less liabilities under financial instruments transactions)	151.84	2.27%	40.38	0.59%	-73.41%
Other assets (accounts receivable ² , past-due debt, provisions)	16.18	0.24%	12.19	0.18%	-24.68%
Total PA under fiduciary management of NBRK	6 680.14	100.00%	6 841.44	100.00%	2.41%
Cash on contribution and benefit payment accounts	9.52		1.68		
PA Total	6 689.66		6 843.12		2.29%

Average YTM of debt instruments in the Fund's PA investment portfolio as of April 01, 2017 was 7.9%.

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 decreased by KZT 170.25 bln and came to KZT 2 817.40 bln. They took 41.18% of the portfolio.

Within the report month there was purchase of the short-term discount notes of NBRK in amount of KZT 954.93 bln with average YTM 10.6% per annum. There were short-term discount notes of NBRK in amount of KZT 107.93 bln with average YTM 10.5% per annum sold.

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.

There was repayment of discount notes of NBRK in amount of KZT 996.05 bln and securities of MinFin RK in amount of KZT 28.24 bln.

Average yield to maturity of the Government securities of RK in UAPF PA portfolio came to 7.6%.

Foreign government securities.

Current value of FGS within the month increased by KZT 244.38bln upto KZT 605.07 bln. Their share came to 8.85%.

Within the period short term US Treasury bonds were purchased in amount of KZT 322.77 bln with average YTM 0.7%.

US Treasury Bonds were redeemed in amount of KZT 78.93 bln in the period.

Within the report period average yield to maturity of foreign government securities in the PA portfolio came to 1.7% per annum.

IFO bonds.

In March 2017 current value of IFO bonds increased by KZT 10 mln upto KZT 86.70 bln. The share of IFO bonds came to 1.27%.

No transactions with IFO bonds took place within report period.

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

Deposits in second tier banks (STB) of RK.

As of April 01, 2017 amount of STB deposits in the report period decreased by KZT 30.86 bln and came to KZT 342.14 bln. Share of deposits came to 5.00%.

There was principal debt redemption in amount of KZT 22.64 bln. No allocations of deposits in RK STB took place in the period.

Average yield to maturity of STB deposits in PA portfolio was 10.9% per annum.

Deposits in foreign banks.

As of April 01, 2017 current value of deposits in foreign banks came to KZT 221.08 bln. Their share was 3.23%.

Average yield to maturity of STB deposits in PA portfolio was 1.2% per annum.

RK corporate bonds

Current value of RK corporate bonds amounted to KZT 82.47 bln decreasing by KZT 0.73 bln. Their share came to 1.21%.

No transactions took place in the period.

Average yield to maturity of corporate bonds of RK emitters came to 11.2%.

Bonds of quasi-public organizations of RK

Amount of bonds of quasi-public organizations increased by KZT 5.55 bln and came to 899.12 bln. Their share in the portfolio took 13.14%.

In the report period there were no other transactions with these instruments in the report period.

Average YTM of these securities in the UAPF PA portfolio was 10.4% per annum.

Bonds of STB RK

Within the report month current value of STB bonds increased by KZT 8.69 bln and came to KZT 1 410.79 bln. Their share took 20.62%.

Within the period there were no transactions with bonds of RK STB.

Average YTM of STB bonds was 9.7% per annum.

Foreign corporate bonds

In the report period amount of foreign corporate bonds increased by KZT 0.27 bln and came to KZT 132.83 bln. The share came to 1.94%.

There were no 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 8.2% per annum.

PPN

PPN (structured notes) amount in the report period came to KZT 31.04 bln with share in portfolio of 0.45%.

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 4.49 bln and amounted to KZT 142.32 bln. The share came to 2.08% of the portfolio.

In the report period there were RK emitters' share sold in amount of 156.46 mln. No purchase of shares of RK emitters took place in the period.

Foreign shares and depository receipts

In the report period amount of foreign shares and depository receipts came to KZT 17.91 bln. Their share in portfolio came to 0.26%.

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	Current value as of 01.01.2017	Share on 01.01.2017	Current value as of 01.04.2017	Share on 01.04.2017	KZT bln
					Growth/loss from the beginning of the year, %
National Currency	5 142.38	76.98%	4 996.00	73.03%	-2.85%
US dollars	1 492.44	22.34%	1 798.82	26.29%	20.53%
Russian Rubles	35.12	0.53%	36.37	0.53%	3.58%
Other currencies	10.20	0.15%	10.25	0.15%	0.49%
Total:	6 680.14	100.00%	6 841.44	100.00%	2.41%

Investment results

Investment income of three months of 2017 amounted to KZT 58.21 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 31.03.2017 was 0.76%.

Structure of investment income is in Table 3.

Table 3. Structure of investment income on UAPF PA under fiduciary management of NBRK

Description	KZT bln
	Investment income from the beginning of 2017
Income as remuneration on securities including deposits and Reverse REPO	128.66
Income (loss) of market revaluation	16.70
Income (loss) of FX revaluation	-83.97
Other income (loss)	-3.18
Total:	58.21

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 01.04.2017.

No.	Financial instrument	Actual value (in % of pension assets)	Requirement performance (yes / no)
1	Foreign emitters:	14.92%	yes
1.1	Government, Agents and IFO securities:	10.11%	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	8.08%	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.	2.03%	yes
1.2	Corporate debt securities:	0.86%	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.	0.77%	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	0.26%	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	3.23%	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	0.45%	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:	82.08%	yes
2.1	Government Securities of the Republic of Kazakhstan	41.18%	yes
2.2		14.18%	yes
2.3	Securities of the quasi-public sector	26.44%	yes
2.4	Financial instruments of Kazakhstani second tier banks	0.09%	yes
2.5	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	0.18%	yes
2.6	Non-Government securities except for share securities of the quasi-public sector and second tier banks of the Republic of Kazakhstan	0.06%	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

	included into the first category of the KASE official list		
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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