

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

As of January 01, 2020 UAPF JSC pension assets (hereinafter referred to as PA) under fiduciary management of the National Bank of RK (hereinafter, NBRK) amounted to KZT 10,798.31 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

| Name | Current Value as of 01/01/2019 | Share as of 01/01/2019 | Current Value as of 01/01/2020 | Share as of 01/01/2020 | Increase/Decrease from the Beginning of the Year |
|---|--------------------------------|------------------------|--------------------------------|------------------------|--|
| Government securities of RK | 4,057.98 | 43.27% | 4,368.01 | 40.45% | 7.64% |
| Foreign government securities | 1,191.92 | 12.71% | 1,235.06 | 11.44% | 3.62% |
| IPO | 170.96 | 1.82% | 361.70 | 3.35% | 111.57% |
| Corporate bonds of RK issuers | 42.06 | 0.45% | 28.49 | 0.26% | -32.26% |
| Bonds of quasi-public organizations of RK | 1,299.90 | 13.86% | 1,604.96 | 14.86% | 23.47% |
| Bonds of second tier banks of RK | 1,264.78 | 13.49% | 1,183.29 | 10.96% | -6.44% |
| Corporate bonds of foreign issuers | 8.85 | 0.09% | 9.33 | 0.09% | 5.48% |
| Bonds of foreign quasi-public organizations | 232.92 | 2.48% | 232.50 | 2.15% | -0.18% |
| PPN | 33.95 | 0.36% | 30.80 | 0.29% | -9.27% |
| Shares and depository receipts of RK issuers | 224.40 | 2.39% | 239.36 | 2.22% | 6.66% |
| Shares and depository receipts of foreign issuers | 20.42 | 0.22% | 29.03 | 0.27% | 42.14% |
| Deposits | 277.65 | 2.96% | 254.91 | 2.36% | -8.19% |
| Deposits in NBRK | 154.07 | 1.64% | 138.00 | 1.28% | -10.43% |
| Deposits in foreign banks | 343.16 | 3.66% | 328.42 | 3.04% | -4.29% |
| Swap | - | - | 18.40 | 0.17% | |
| Cash on investment accounts | 126.69 | 1.35% | 510.67 | 4.73% | |
| Other assets (accounts receivable ² , past-due accounts, provisions) | 15.23 | 0.16% | 13.49 | 0.12% | -11.43% |
| Assets under external management | - | - | - | 0.00% | |
| Total PA under fiduciary management of NBRK | 82.80 | 0.88% | 211.89 | 1.96% | 155.91% |
| Cash on investment accounts for settlement of transactions | 9,378.03* | 100.00% | 10,798.31 | 100.00% | 15.14% |
| Cash on contribution and benefit payment accounts | 169.71 | | | | |
| Total PA | 7.12 | | 10.90 | | |
| Cash on investment accounts | 9,554.86 | | 10 809.21 | | |

* - Taking into account dues for the transactions consummated in amount of KZT 169.71 bln

Average yield to maturity of debt financial instruments in the Fund's PA investment portfolio as of January 01, 2020 is 7.1% including those nominated in KZT – 8.7% and nominated in foreign currency – 3.2% 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 Republic of Kazakhstan

The main part of UAPF PA portfolio is occupied by government securities of RK with the current value of KZT 4,368.01 decreasing by KZT 19.19 bln. Their share in the portfolio amounted to 40.45%.

In the reporting period the following instruments were acquired:

- Short-term discount notes of NB RK in amount of KZT 416.19 bln with yield to maturity 9.41% per annum;
- Government Securities of the Ministry of Finances of RK nominated in KZT in amount of KZT 14.99 bln with yield to maturity 9.34% per annum.

During the reporting period the discount notes of NBRK were redeemed in amount of KZT 450.26 bln.

No sales of the Government Securities of the Republic of Kazakhstan took place in the period.

As of the reporting date, the average yield to maturity of KZT nominated government securities of RK in UAPF PA portfolio is 7.8% per annum, while those nominated in USD – 4.4% per annum.

Foreign Government Securities

The current value of bonds of Foreign Government Securities for the reporting month decreased by KZT 226.42 bln and amounted to KZT 1,235.06 bln. Their share in the portfolio is 11.44%.

The following financial instruments were acquired within the period in question

- Government securities of the Russian Federation in amount of KZT 20.93 bln with average yield to maturity 3.00% per annum;
- Government securities of the Republic of Philippines in amount of KZT 2.32 bln with average yield to maturity 2.11% per annum.

Within the reporting period Government Securities of the USA, Brazil, Indonesia, and Mexico were sold in total amount of KZT 130.11 bln. There were also US Government Securities redeemed in amount of KZT 114.13 bln.

The average weighted yield to maturity of the Foreign Government Securities in UAPF's PA portfolio came to 2.2%.

Bonds of International Financial Organizations

The current value of bonds of International Financial Organizations for the reporting month increased by KZT 57.28 bln and amounted to KZT 361.70 bln. Their share in the portfolio is 3.35%.

In the reporting period bonds of the European Bank for Reconstruction and Development were acquired in amount of KZT 58.00 bln at face value with a yield equal to inflation and a premium of 1.50% per annum.

There were no sales and redemptions of securities of International Financial Organizations.

The average weighted yield to maturity of the bonds of the International Financial Organizations nominated in KZT is 6.4% per annum while the ones nominated in USD – 5.0%.

Deposits in the Second-Tier Banks of the Republic of Kazakhstan

The current value of deposits in second-tier banks of RK with a weighted average maturity period of 4.64 years in the reporting month decreased by KZT 0.44 bln and amounted to KZT 254.91 bln. Their share in the portfolio is 2.36%.

In accordance with the terms provided by the bank deposit agreement the main debt was repaid in total amount of KZT 1.99 bln.

There were no allocations into deposits of STB RK.

The weighted average yield to maturity of deposits of second-tier banks of RK as of the reporting date is 9.1% per annum.

Deposits in foreign banks

The current value of deposits in foreign banks with a weighted average maturity period of 1.72 month for the reporting month increased by KZT 61.00 bln and amounted to KZT 328.42 bln. Their share in the portfolio is 3.04%.

There were deposits nominated in US dollars allocated the foreign banks in amount of KZT 62.48 bln with a weighted average yield of 2.00% per annum.

In the reporting period there were no deposits redeemed.

The weighted average yield to maturity of deposits in the foreign banks in PA portfolio is 2.3% per annum.

Deposits in the National Bank of the Republic of Kazakhstan

The current value of deposits in the National Bank amounted to KZT 138.00 bln. Their share in the portfolio is 1.28%.

In the reporting month within the current liquidity management in order to maintain return on PA KZT 1,390.00 bln were invested in overnight deposits of the National Bank of RK with average yield to maturity 8.25% per annum. In the reporting period deposits were redeemed in amount of KZT 1,351.00 bln.

The weighted average yield to maturity of deposits in the National Bank of the Republic of Kazakhstan is 8.25% per annum.

Corporate bonds of the issuers of the Republic of Kazakhstan

The current value of the corporate bonds of RK issuers decreased by KZT 1.40 bln and amounted to KZT 28.49 bln. Their share in the portfolio amounted to 0.26%.

There were no transactions with RK corporate bonds in the reporting period.

Bonds of quasi-public organizations of the Republic of Kazakhstan

The current value of the bonds of RK quasi-public organizations in the reporting month decreased by KZT 1.13 bln and amounted to KZT 1,604.96 bln. Their share in the portfolio amounted to 14.86%.

There were bonds of Bank of Development of Kazakhstan JSC acquired in amount of KZT 10.00 bln with average YTM of 11.0% per annum, as well as bonds of Agrarian Credit Corporation JSC bln in amount of KZT 8.60 bln with average YTM of 10.75% per annum under the priority projects lending mechanism ('simple things economy') in total of KZT 600.00 through the second-tier banks of the Republic of Kazakhstan and Agrarian Credit Corporation JSC.

Within the reporting period bonds of 'Baspana' Mortgage Organization JSC were repaid in amount of KZT 15.00 bln. No sale of the bonds of the quasi-public organizations of the RK issuers took place.

As of the reporting date, the weighted average yield to maturity of RK quasi-public organizations bonds nominated in KZT is 10.4% while of those nominated in USD – 5.0% per annum.

Bonds of the second-tier banks of the Republic of Kazakhstan

The current value of the bonds of the second-tier banks of RK decreased by KZT 11.48 bln and amounted to KZT 1,183.29 bln. Their share in the portfolio is 10.96%.

Within the reporting period there were bonds of STB RK redeemed in amount of KZT 21.14 bln. No bonds of the second-tier banks were sold and acquired.

The weighted average yield to maturity of bonds of the second-tier banks of RK nominated in KZT amounted to 10.0%, while of those nominated in USD – 6.4% per annum.

Corporate bonds of foreign issuers

The current value of the corporate bonds of foreign issuers in the report period amount increased by KZT 0.19 bln and amounted to KZT 9.33 bln. Their share in the portfolio amounted to 0.09%.

Within the reporting period there were no acquisitions, redemptions, sales of the corporate bonds of foreign issuers.

The weighted average yield to maturity of the corporate bonds of foreign issuers in UAPF PA portfolio as of the reporting date is 7.9% per annum.

Bonds of the quasi-public sector foreign issuers

The current value of the bonds of foreign quasi-public organizations in the reporting month decreased by KZT 1.78 bln and amounted to KZT 232.50 bln. Their share in the portfolio is 2.15%.

Within the reporting period there were no acquisitions, redemptions, sales of the corporate bonds of foreign quasi-public organizations.

The weighted average yield to maturity of the bonds of foreign quasi-public organizations in UAPF PA portfolio is 4.6%

PPN (structured notes) of foreign issuers

The current value of PPN of foreign issuers in the reporting period came to KZT 30.80 bln. Their share in the portfolio amounted to 0.29%.

In the reporting period bonds of Goldman Sachs International were redeemed in amount of KZT 1.48 bln.

There were no acquisitions, and sales of foreign PPN (structured notes).

Shares and depository receipts of issuers of the Republic of Kazakhstan

The current value of shares and depository receipts of RK issuers in the report period decreased by KZT 2.29 bln and amounted to KZT 239.36 bln. Their share in the portfolio came to 2.22%.

No transactions with shares and depository receipts of RK issuers took place in the reporting period.

Shares and depository receipts of foreign issuers

The current value of shares and depository receipts of foreign issuers in the reporting month increased by KZT 1.96bln and amounted to KZT 29.03 bln. Their share in portfolio amounted to 0.27%.

In the reporting period there were no sales or acquisitions of the shares and depository receipts of foreign issuers.

FX structure

UAPF PA investment portfolio of financial instruments by currencies in which the financial instruments nominated is presented in Table 2.

Table 2. Structure of UAPF PA investment portfolio under fiduciary management of NBRK by currencies

| <i>KZT bln</i> | | | | | |
|-------------------|---------------------------------------|-------------------------------|---------------------------------------|-------------------------------|---|
| Currency | Current Value as of 01/01/2019 | Share as of 01/01/2019 | Current Value as of 01/01/2020 | Share as of 01/01/2020 | Increase/Decrease from the Beginning of the Year |
| National Currency | 6,304.73 | 67.23% | 7,201.0 | 66.69% | 14.2% |
| US dollar | 3,035.86 | 32.37% | 3,261.36 | 30.20% | 7.4% |
| Russian ruble | 30.28 | 0.32% | 33.45 | 0.31% | 10.5% |
| Other currencies | 7.16 | 0.08% | 302.50 | 2.80% | 4124.9% |
| Total: | 9,378.03 | 100.00% | 10,798.31 | 100.00% | 15.1% |

Investment results

The investment return from the beginning of the year amounted to KZT 699.77 bln in result of PA investment activity as well as due to FX volatility and change of the market value of financial instruments.

At this in 2019 the yield of pension assets for UAPF members' accounts came to 6.57% at inflation rate of 5.40%. Thus, the real return on UAPF pension assets was 1.17%.

The structure of investment income of the period is presented in Table 3.

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

| <i>KZT bln</i> | |
|--|----------------------------------|
| Description | Investment Return in 2019 |
| Income as remuneration on securities including deposits and Reverse REPO | 665,06 |
| Income (loss) of market revaluation | -35,35 |
| Income (loss) of FX revaluation | -7,37 |
| Profits (losses) from other assets revaluation (PFI) | 19,8 |

| | |
|--------------------------------------|---------------|
| Income (loss) of external management | 12,94 |
| Other income (loss) | 44,69 |
| Total: | 699,77 |

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 January 01, 2020 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) |
|----------|--|---|------------------------|
| 1 | Foreign issuers: | 22.18% | yes |
| 1.1 | Government, Agents and IFO securities: | 15.62% | 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 | 15.38% | 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. | 0.23% | yes |
| 1.2 | Corporate debt securities: | 2.61% | 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. | 2.58% | 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. | 0.03% | yes |
| 1.3 | MBS and ABS with securities and/or issuer's rating of no less than BBB- on international scale of Standard & Poor's or rating of similar level of one of the other rating agencies. | 0.00% | yes |
| 1.4 | Shares, deposit receipts on shares | 0.62% | 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 similar level of one of the other rating agencies | 3.04% | yes |
| 1.6 | Structured products of issuers 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 | 0.29% | yes |
| 1.7 | Islamic Financing Financial instruments: | 0.06% | 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. | 0.06% | 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 issuers: | 72.18% | yes |
| 2.1 | GS RK issued by Ministry of Finance of RK, National Bank of RK | 40.45% | 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 the Republic of Kazakhstan | 1.28% | yes |
| 2.2 | Securities of the quasi-public sector | 15.78% | yes |
| 2.3 | Financial instruments of Kazakhstani second tier banks | 14.29% | yes |
| 2.4 | Non-Government debt securities with the exception of debt securities of entities of quasi-public sector and 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 or a rating of similar level of one of 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 |

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

| | | | |
|-----|---|-------|-----|
| 2.5 | Non-Government equity securities with the exception of equity securities of quasi-public sector and second-tier banks of the Republic of Kazakhstan included into the Premium category of the KASE's official list, or listed on world stock exchanges with a market capitalization exceeding three trillion US dollars | 0.30% | yes |
| 2.6 | Islamic Financing Financial instruments included into official list of KASE and /or AIFC stock exchange | 0.00% | yes |

Table 5. UAPF PA investment limits on certain types of financial instruments

| No. | Financial Instrument Type | Actual Value (% of PA) | Performance (Yes / No) |
|-----|--|------------------------|------------------------|
| 1 | Standard Derivatives | | yes |
| 1) | In case if the Derivatives are used for financial risk hedging | 3.40% | yes |
| 2 | Gold in bars and AU metallic accounts | 0.00% | yes |

Information on acquisitions, sales and redemptions of the financial instruments in UAPF PA Investment Portfolio

Table 6. Information on financial instruments acquired in the reporting month

| Instrument | Currency | Issuer | Nominal Value in KZT |
|----------------|----------|--|---------------------------|
| GS RK | KZT | The National Bank of the Republic of Kazakhstan | 416,187,454,700.00 |
| Bonds | KZT | The European Bank for Reconstruction and Development | 58,000,000,000.00 |
| GS RF | USD | The Government of Russian Federation | 20,931,634,000.00 |
| GS RK | KZT | The Government of the Republic of Kazakhstan | 14,986,000,000.00 |
| Bonds | KZT | Bank of Development of Kazakhstan JSC | 10,000,000,000.00 |
| Bonds | KZT | Agrarian Credit Corporation JSC | 8,602,844,000.00 |
| GS Philippines | USD | The Government of the Republic of Philippines | 2,324,880,000.00 |
| Total | | | 531,032,812,700.00 |

Table 7. Information on financial instruments sold in the reporting month

| Instrument | Currency | Issuer | Nominal Value in KZT |
|--------------|----------|---|---------------------------|
| US GS | USD | US Government | 83,825,357,331.00 |
| GS Mexico | USD | The Government of Mexico | 20,542,820,139.00 |
| GS Brazil | USD | The Government of the Republic of Brazil | 18,991,429,526.00 |
| GS Indonesia | USD | The Government of the Republic of Indonesia | 6,751,309,948.00 |
| Total | | | 130,110,916,944.00 |

Table 8. Information on deposits allocated in the reporting period

| Instrument | Currency | Bank | Transaction Amount in KZT |
|--------------|----------|---|-----------------------------|
| Deposit | KZT | The National Bank of the Republic of Kazakhstan | 1,390,000,000,000.00 |
| Deposit | USD | DBS Bank | 31,867,850,000.00 |
| Deposit | USD | Natixis | 30,612,000,000.00 |
| Total | | | 1,452,479,850,000.00 |

Table 9. Information on the repayment of the principal debt for securities in the reporting period

| Instrument | Currency | Issuer | Amount Repayable in KZT |
|--------------|----------|---|---------------------------|
| GS RK | KZT | The National Bank of the Republic of Kazakhstan | 450,261,187,200.00 |
| US GS | USD | US Government | 114,132,000,000.00 |
| Bonds | KZT | 'Baspana' Mortgage Organization JSC | 15,000,000,000.00 |
| Bonds | KZT | Bank CenterCredit JSC | 10,500,000,000.00 |
| Bonds | KZT | Eurasian Bank JSC | 9,990,000,000.00 |
| Bonds | RUB | Goldman Sachs International | 1,480,082,637.00 |
| Bonds | USD | ForteBank JSC | 649,497,661.00 |
| Total | | | 602,012,767,498.00 |

Table 10. Information on the repayment of the principal debt for deposits in the reporting period

| Instrument | Currency | Bank | Amount Repayable in KZT |
|--------------|----------|---|------------------------------|
| Deposit | KZT | The National Bank of the Republic of Kazakhstan | 1,351,000,000,000.00 |
| Deposit | KZT | Halyk Bank of Kazakhstan JSC | 910,000,000.00 |
| Deposit | KZT | Nurbank JSC | 907,129,693.00 |
| Deposit | KZT | Bank CenterCredit JSC | 182,336,000.00 |
| Total | | | 1,352,999,465, 693.00 |

