

UAPF JSC

Information on pension assets investment management in October 2016

As of November 01, 2016 the pension assets (further – PA) of “UAPF” JSC under the management of the National Bank of RK amounted to KZT 6 567.63 bln¹

Pension assets portfolio

Table 1. Pension assets

Instrument	Current value in bln KZT on 01.10.2016.	Share on 01.10.2016.	Current value in bln KZT on 01.11.2016.	Share on 01.11.2016.	Growth / loss within report period	Growth / loss from the beginning of year
Government securities of RK	2 919.21	44.89%	2 906.51	44.26%	-0.43%	10.44%
Foreign government securities	263.59	4.05%	389.32	5.93%	47.70%	668.41%
IFO	85.31	1.31%	85.73	1.30%	0.50%	0.95%
Corporate bonds of RK emitters	104.13	1.60%	87.10	1.33%	-16.36%	-30.09%
Bonds of quasi public organizations of RK	836.93	12.87%	840.21	12.79%	0.39%	63.13%
Bonds of STB RK	1 497.98	23.04%	1 481.14	22.55%	-1.12%	-5.83%
Corporate bonds of foreign emitters	139.47	2.15%	148.27	2.26%	6.31%	-10.55%
PPN	35.74	0.55%	38.15	0.58%	6.72%	-28.65%
Shares and depository receipts of RK emitters	128.27	1.97%	127.79	1.95%	-0.38%	13.00%
Shares and depository receipts of foreign emitters	17.16	0.26%	17.30	0.26%	0.82%	27.61%
Deposits	425.02	6.54%	423.76	6.45%	-0.30%	16.44%
REPO	21.00	0.32%	1.50	0.02%	-92.86%	-97.08%
Cash on investment accounts (less liabilities under financial instruments transactions)	21.70	0.33%	15.00	0.23%	-30.85%	-80.34%
Other assets (accounts receivable ² , past-due debt, provisions)	7.65	0.12%	5.85	0.09%	-23.48%	-58.29%
Total PA under fiduciary management of NBRK	6 503.16	100.00%	6 567.63	100.00%	0.99%	12.62%
Cash on benefit payment accounts as well as cash for financial instruments transactions settlement	69.85		2.05			
PA Total	6 573.01		6 569.68			

Average yield to maturity of the Fund’s PA allocated on its members’ accounts (pension unit - PU) within 01.01.2016 – 31.10.2016 was 7.71%. Growth rate of the pension unit in October’16 was 0.39%.

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

Instrument type	Share on 01.11.2016.
Debt financial instruments	97.47%
Share financial instruments	2.21%
Cash	0.23%
Other assets (receivables, past due debts, provisions)	0.09%
PA Total under management of NBRK:	100.00%

Average yield to maturity of debt financial instruments in the Fund’s PA investment portfolio as of 01.11.2016 came to 10.35% per annum.

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.

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 decreased by KZT 12.70 bln and came to KZT 2 906.51 bln. They took 44.26% of the portfolio.

Within the report month there was purchase of the short-term discount notes of NBRK in amount of KZT 494.33 bln with average YTM 12.5% per annum.

There was repayment of discount notes of NBRK in amount of KZT 498.61 bln. There were no sales within the period.

Average yield to maturity of the Government securities of RK in UAPF PA portfolio came to 12.0%.

Foreign government securities

Amount of foreign government securities increased by KZT 125.73 bln and came to KZT 389.32 bln. Their share in the portfolio came to 5.93%.

There were bonds of RF Ministry of Finance nominated in US dollars purchased in amount of KZT 52.68 bln with average YTM 4.45% per annum, short term bonds of US Treasury nominated in US dollars in amount of KZT 156.29 bln with average YTM of 0.198% per annum..

US Treasury bonds were redeemed in amount of KZT 82.96 bln. No sales took place within report period.

Within the report period average yield to maturity of foreign government securities in the PA portfolio came to 1.8% per annum.

IFO Bonds

Amount of IFO bonds was increased by KZT 0.42 bln and came to KZT 85.73 bln. Their share came to 1.30% 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 1.26 bln and came to KZT 423.76 bln. Their share came to 6.45%.

Within the report period there were no transactions with deposits.

Average yield to maturity of STB deposits in PA portfolio was 10.8% per annum.

Corporate bonds of RK emitters

In the report month amount of corporate bonds of RK emitters decreased by KZT 17.03 bln and came to KZT 87.10 bln. Their share came to 1.33%.

Within the report period there was sale of corporate bonds of RK in amount of KZT 0.13 bln.

Decrease of RK corporate bonds amount was in result of annual correction of financial instruments fair value made by independent appraiser.

No other transactions took place in the period.

Average yield to maturity of corporate bonds of RK emitters came to 11.8%.

Bonds of quasi-public organizations of RK

Amount of bonds of quasi-public organizations increased by KZT 3.28 bln and came to 840.21 bln. Their share in the portfolio took 12.79%.

In the report period there were no transactions with bonds of quasi-public organizations.

Average YTM of these securities in the UAPF PA portfolio was 9.9% per annum.

Bonds of STB RK

Within the report month amount of STB bonds decreased by KZT 16.84 bln and came to KZT 1 481.14 bln. Their share took 22.55%.

Within the period there was redemption of principal debt of STB bonds nominated in KZ Tenge in amount of KZT 3.55 bln and STB bonds nominated in USD in amount of KZT 10.00 bln.

No other transactions took place in the period.
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 8.8 bln and came to KZT 148.27 bln. The share came to 2.26%.

There were foreign corporate bonds (nominated in USD) purchased in the report period in amount of KZT 17.83 bln with average YTM 4.11% per annum as well as sold in amount of KZT 5.71 bln with average YTM 4.54% per annum.

No redemptions of foreign corporate bonds took place in the PA portfolio of UAPF.

Average yield to maturity of corporate bonds emitters in PA portfolio was 7.6% per annum.

PPN

PPN (structured notes) amount in the report period came to KZT 38.15 bln with share in portfolio of 0.58%.

There were PPN redeemed in amount of KZT 7.33 bln. No other 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 0.48 bln and amounted to KZT 127.29 bln. The share came to 1.95% 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 came to KZT 17.30 bln. Their share in portfolio came to 0.26%.

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

Derivatives

Within the report period in UAPF PA portfolio FX swap operation took place in total amount of USD 267.40 mln.

Table 3. Structure of UAPF PA portfolio under fiduciary management of NB RK by currency types

Currency	Current value in bln KZT on 01.10.2016, KZT bln	Share on 01.10.2016	Current value in bln KZT on 01.11.2016, KZT bln	Share on 01.11.2016	Growth / loss in the last month	Growth / loss from the beginning of year %
National currency	5 153.78	79.25%	5 104.15	77.72%	-0.96%	5.44%
US Dollars	1 304.79	20.06%	1 418.30	21.60%	8.70%	49.15%
Russian Rubles	33.78	0.52%	33.93	0.52%	0.46%	15.82%
Malaysian Ringgits	4.86	0.08%	4.80	0.07%	-1.08%	-0.35%
Brazilian Reals	3.22	0.05%	3.29	0.05%	2.22%	17.11%
UK Pounds	2.00	0.03%	2.33	0.03%	16.36%	52.16%
Euro	0.73	0.01%	0.83	0.01%	14.33%	-39.19%
Total	6 503.16	100.00%	6 567.63	100.00%	0.99%	12.62%

Investment results

Table 4. Structure of investment income / loss:

Description	Within October'16, KZT bln	From the beginning of 2016, KZT bln	Structure from the beginning of the year
of securities, allocated deposits and REPO interest	45.45	520.72	102.22%
of securities revaluation	-17.68	1.17	0.23%
of FX rate change	-0.23	-12.46	-2.45%
Total	27.54	509.43	100.00%

Compliance with investment declaration parameters

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

Table 5. List and limits of investment objects as of 01.11.2016

No	Financial instruments	Actual value (in % of pension assets)	Requirement performance (yes / no)
1	Foreign emitters:	10.32%	yes
1.1	Government, Agents and IFO securities:	7.23%	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	4.99%	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.	2.24%	yes
1.2	Corporate debt securities:	2.25%	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.	0.13%	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.	2.12%	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	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	0.58%	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:	88.06%	yes
2.1	Government Securities of the Republic of Kazakhstan	44.26%	yes
2.2	Securities of the quasi-public sector	13.68%	yes
2.3	Financial instruments of Kazakhstani second tier banks	29.82%	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	0.10%	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	0.20%	yes
2.6	Islamic Financing Instruments included into the official list of KASE	0.07%	yes

Table 6. 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