

UAPF” JSC

Information on pension assets investment management in June 2016

As of July 01, 2016 the pension assets (further – PA) of “UAPF” JSC under the management of the National Bank of RK amounted to KZT 6 223.52 bln¹.

Pension assets portfolio

Table 1. Pension assets

| Instrument | Current value in bln KZT on 01.06.2016. | Share on 01.06.2016. | Current value in bln KZT on 01.07.2016. | Share on 01.07.2016. | Growth / loss |
|---|---|----------------------|---|----------------------|---------------|
| Government securities of RK | 2 530.89 | 41.19% | 2 742.60 | 44.07% | 8.37% |
| Foreign government securities | 340.74 | 5.55% | 289.29 | 4.65% | -15.10% |
| IFO | 84.99 | 1.38% | 85.30 | 1.37% | 0.37% |
| Corporate bonds of RK emitters | 113.98 | 1.85% | 107.73 | 1.73% | -5.48% |
| Bonds of quasi public organizations of RK | 631.68 | 10.28% | 663.19 | 10.66% | 4.99% |
| Bonds of STB RK | 1 531.04 | 24.91% | 1 516.37 | 24.36% | -0.96% |
| Corporate bonds of foreign emitters | 155.23 | 2.53% | 149.78 | 2.41% | -3.51% |
| PPN | 42.58 | 0.69% | 43.43 | 0.70% | 1.98% |
| Shares and depository receipts of RK emitters | 114.96 | 1.87% | 111.16 | 1.79% | -3.31% |
| Shares and depository receipts of foreign emitters | 16.25 | 0.26% | 15.92 | 0.25% | -2.04% |
| Deposits | 386.40 | 6.29% | 429.05 | 6.89% | 11.04% |
| REPO | 82.07 | 1.34% | 5.00 | 0.08% | - |
| Cash on investment account | 100.00 | 1.63% | 53.42 | 0.86% | -46.58% |
| Other assets (accounts receivable ² , past-due debt, provisions) | 14.39 | 0.23% | 11.28 | 0.18% | -21.56% |
| PA Total under fiduciary management of NBRK | 6 145.20 | 100.00% | 6 223.52 | 100.00% | 1.27% |
| Cash on benefit payment accounts | 2.67 | | 1.35 | | -49.36% |
| PA Total | 6 147.87 | | 6 224.87 | | 1.25% |

Yield of the Fund’s PA allocated on its members’ accounts within 01.01.2016. – 30.06.2016 was 4.5%.

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

| Instrument type | Share on 01.07.2016. |
|--|----------------------|
| Debt financial instruments | 96.92% |
| Share financial instruments | 2.04% |
| Cash | 0.86% |
| Other assets (receivables, past due debts, provisions) | 0.18% |
| PA Total under management of NBRK: | 100.00% |

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

PA investment

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.

In accordance with the Minutes of the Kazakhstan National Fund Management Board No 01-9.2 dated February 20th, 2016, the UAPF pension assets in 2016 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;
- 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 211.71 bln and came to KZT 2 742.60 bln. They took 44.07% of the portfolio.

Within the report month there was purchase of the short-term discount notes of NBRK in amount of KZT 507.67 bln with average YTM 13.54% per annum, Eurobonds of MinFin RK in amount of KZT 122.96 bln with average YTM 4.17% per annum.

There was repayment of discount notes of NBRK in amount of KZT 431.62 bln.

Average yield to maturity of the Government securities of RK in UAPF PA portfolio came to 12.5%.

Foreign government securities

Amount of foreign government securities came to KZT 289.29 bln. Their share in the portfolio came to 4.65%.

There were US Treasury bonds purchased in amount of KZT 255.34 bln with average YTM 0.22%. At this there was a sale of US Treasury bonds in amount of KZT 52.17 bln with average YTM 0.22% per annum.

The principal debt on US Treasury bonds was redeemed in amount of KZT 257.93 bln.

Within the report period average yield to maturity of foreign government securities in the PA portfolio came to 1.2% per annum.

IFO Bonds

Amount of IFO bonds was decreased by KZT 0.31 bln and came to KZT 85.30 bln. Their share came to 1.37% 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 increased by KZT 42.65 bln and came to KZT 429.05 bln. Their share came to 6.89%.

Within the report period there were deposits allocated in STB in amount of KZT 40.60 bln with the average interest rate of 15.44 % per annum. Within report period there was principal redemption in amount of KZT 1.0 bln.

Average yield to maturity of STB deposits in PA portfolio was 10.6% per annum.

Corporate bonds of RK emitters

In the report month amount of corporate bonds of RK emitters decreased by KZT 6.25 bln and came to KZT 107.73 bln. Their share came to 1.73%.

Within the report period there were RK corporate bonds sold in amount of KZT 0.21 bln with average YTM of 4.70%.

Within the period there were RK corporate bonds redeemed in amount of KZT 5.28 bln

No purchase took place in this period.

Average yield to maturity of corporate bonds of RK emitters came to 6.8%.

Bonds of quasi-public organizations of RK

Amount of bonds of quasi-public organizations increased by KZT 31.51 bln and came to 663.19 bln. Their share in the portfolio took 10.66%.

In the report period there were purchased bonds of quasi-public organizations in amount of KZT 34.00 bln with average YTM of 14.54%.

Within the period the principle debt on the bonds of quasi-public organizations was redeemed in amount of KZT 4.92 bln.

Average YTM of these securities in the UAPF PA portfolio was 8.6% per annum.

Bonds of STB RK

Within the report month amount of STB bonds decreased by KZT 14.67 bln and came to KZT 1 516.37 bln. Their share took 24.36%.

Within the period there were sold STB bonds nominated in USD in amount of KZT 10.27 with average YTM of 7.49 per annum. No purchase took place.

The principal debt of STB bonds was redeemed in amount of KZT 9.98 bln within the period.

Average YTM of STB bonds was 9.6% per annum.

Foreign corporate bonds

In the report period amount of foreign corporate bonds decreased by KZT 5.45 bln and came to KZT 149.78 bln. The share came to 2.41%.

There were foreign corporate bonds sold in the report period in amount of KZT 10.28 bln with average YTM 6.36% per annum.

No other transactions with foreign corporate bonds took place in the PA portfolio of UAPF.

Average yield to maturity of corporate bonds emitters in PA portfolio was 8.0% per annum.

PPN

PPN (structured notes) amount in the report period came to KZT 43.43 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 decreased by KZT 3.8 bln and amounted to KZT 111.16 bln. The share came to 1.79% 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 15.92 bln. Their share in portfolio came to 0.25%.

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

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

| Currency | Current value in bln KZT on 01.06.2016, KZT bln | Share on 01.06.2016 | Current value in bln KZT on 01.07.2016, KZT bln | Share on 01.07.2016 | Growth / loss in the last month |
|--------------------|---|---------------------|---|---------------------|---------------------------------|
| National currency | 4 888.74 | 79.55% | 4 952.02 | 79.57% | 1.29% |
| US Dollars | 1 213.07 | 19.74% | 1 226.99 | 19.72% | 1.15% |
| Russian Rubles | 32.61 | 0.53% | 33.53 | 0.54% | 2.84% |
| Malaysian Ringgits | 4.92 | 0.08% | 5.11 | 0.08% | 3.70% |
| Brazilian Reals | 2.88 | 0.05% | 3.21 | 0.05% | 11.43% |
| UK Pounds | 1.94 | 0.03% | 1.80 | 0.03% | -7.17% |
| Euro | 1.04 | 0.02% | 0.86 | 0.01% | -17.29% |
| Total | 6 145.20 | 100% | 6 223.52 | 100.00% | 1.27% |

Investment results

In June 2016 accrued investment income of UAPF pension assets amounted to KZT 59.94 bln.

Structure of investment income / loss:

- ✓ Investment income on securities - KZT 50.60 bln;
- ✓ Investment loss on securities revaluation – KZT 2.09 bln;
- ✓ Investment income on foreign currency exchange rates - KZT 11.43 bln.

Growth rate of UAPF nominal pension unit in June 2016 came to 0.95%.

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. List and limits of investment objects as of 01.07.2016

| No. | Financial instruments | Actual value (in % of pension assets) | Requirement performance (yes / no) |
|----------|---|---------------------------------------|------------------------------------|
| 1 | Foreign emitters: | 9.37% | yes |
| 1.1 | Government, Agents and IFO securities: | 6.02% | 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 | 5.22% | 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. | 0.80% | yes |
| 1.2 | Corporate debt securities: | 2.40% | 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. | 0.12% | 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. | 2.28% | 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 | 0.70% | 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: | 87.77% | yes |
| 2.1 | Government Securities of the Republic of Kazakhstan | 44.07% | yes |
| | | | yes |
| 2.2 | Securities of the quasi-public sector | 11.48% | yes |
| 2.3 | Financial instruments of Kazakhstani second tier banks | 31.91% | 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 | 0.21% | yes |
| 2.6 | Islamic Financing Instruments included into the official list of KASE | 0.08% | yes |

Table 5. 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 |