

INFO ON UAPF JSC

PENSION ASSETS INVESTMENT MANAGEMENT

As of December 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 7 671.74 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 01.12.2017.	Share 01.12.2017.	Growth/loss from the beginning of the year. %
Government securities of RK	2 910.82	43.57%	3 420.50	44.59%	17.51%
Foreign government securities	365.01	5.46%	900.92	11.74%	146.82%
IFO	86.63	1.30%	156.60	2.04%	80.76%
Corporate bonds of RK emitters	84.03	1.26%	59.64	0.78%	-29.03%
Bonds of quasi public organizations of RK	900.17	13.48%	797.81	10.40%	-11.37%
Bonds of STB RK	1 450.20	21.71%	1 259.13	16.41%	-13.18%
Corporate bonds of foreign emitters	137.92	2.07%	62.25	0.81%	-54.86%
PPN	31.64	0.47%	34.66	0.45%	9.54%
Shares and depository receipts of RK emitters	127.46	1.91%	179.17	2.34%	40.57%
Shares and depository receipts of foreign emitters	18.33	0.27%	23.64	0.31%	29.02%
Deposits	399.91	5.99%	328.49	4.28%	-17.86%
Deposits in foreign banks	-	-	395.04	5.15%	-
REPO	-	-	42.11	0.55%	-
Cash on investment accounts (less liabilities under financial instruments transactions)	151.84	2.27%	0.50	0.01%	-99.67%
Other assets (accounts receivable ² , past-due debt, provisions)	16.18	0.24%	11.27	0.15%	-30.33%
Total PA under fiduciary management of NBRK	6 680.14	100.00%	7 671.74	100.00%	14.84%
Cash on contribution and benefit payment accounts as well as funds for financial instruments settlement	9.52		4.7		
PA Total	6 689.66		7 676.44		14.75

Average YTM of debt instruments in the Fund's PA investment portfolio as of December 01, 2017 was 7.5% including those KZT nominated – 9.0% and nominated in foreign currency – 3.2% per annum.

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 123.86 bln and came to KZT 3 420.50 bln. They took 44.59% of the portfolio.

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

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.

- the short-term discount notes of NBRK in amount of KZT 1 297.77 bln with average YTM 9.3% per annum;
- GS of Ministry of Finance nominated in KZT in amount of KZT 63.88 bln with average YTM 8.96% per annum;
- GS of Ministry of Finance nominated in USD in amount of KZT 23.49 bln with average YTM 4.38% per annum.

There was repayment of discount notes of NBRK in amount of KZT 1 267.48 bln.

Average yield to maturity of KZT nominated Government securities of RK in UAPF PA portfolio came to 8.1% per annum, while those nominated in USD – 4.3% per annum.

Foreign government securities

Current value of FGS within the month increased by KZT 109.29 bln upto KZT 900.92 bln. Their share came to 11.74%.

Within new strategic distribution of foreign currency part of the portfolio provided in UAPF Investment Declaration, investment into GS of developing countries with rating no less than BB.

Within the reporting period following financial instruments were purchased on their nominal value:

- the short term US Government securities in amount of KZT 103.78 bln on their nominal value with average YTM 1.3% per annum;
- RF bonds in amount of KZT 45.990 bln with average YTM 4.9% per annum;
- FGS of the Republic of Brazil nominated in USD in amount of KZT 26.58 bln with average YTM 5.1% per annum.

Short-term US Treasury bonds were sold in amount of KZT 46.20 bln in the reporting period.

There were foreign government securities nominated in USD redeemed in amount of KZT 17.28 bln.

Within the report period average yield to maturity of foreign government securities in the PA portfolio came to 2.2% per annum.

IFO bonds

Current value of IFO bonds increased by KZT 0.74 bln upto KZT 156.60 bln. The share of IFO bonds came to 2.04%.

Within the reporting period there were no transactions with IFO bonds.

Average yield to maturity of the IFO bonds in UAPF PA portfolio came to 7.4% per annum.

Deposits in second tier banks (STB) of RK

Current value of STB deposits with average maturity period of 5 - 6 years in the report period increased by KZT 0.83 bln and came to KZT 328.49 bln. Share of deposits came to 4.28%.

Neither STB deposits allocations nor redemption 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 December 01, 2017 current value of deposits in foreign banks with average maturity period of 1.02 month came to KZT 395.04 bln decreasing by KZT 46.23 bln. Their share was 4.28%.

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 59.64 bln decreasing by KZT 0.21 bln. Their share came to 0.78%.

There was principal redemption of RK emitters bonds in amount of KZT 0.62 bln.

No other transactions took place in the period.

Average yield to maturity of corporate bonds of RK emitters came to 12.9%.

Bonds of quasi-public organizations of RK

Within the reporting period current value of the bonds of RK quasi-public organizations decreased by KZT 54.50 bln and amounted to KZT 797.81 bln. Their share came to 10.40% of the portfolio.

There was principal redemption of quazi public organizations bonds in amount of KZT 50.49 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 11.7% 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 2.36 bln and came to KZT 1 259.13 bln. Their share took 16.41%.

In November 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 0.65 bln and came to KZT 62.25 bln. The share came to 0.81%.

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 34.66 bln increasing by KZT 3.48 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 9.96 bln and amounted to KZT 179.17 bln. The share came to 2.34% 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 1.46 bln and came to KZT 23.64 bln. Their share in portfolio came to 0.31%.

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 01.12.2017	Share on 01.12.2017	Growth/loss from the beginning of the year, %
National Currency	5 142.38	76.98%	5 534.55	72.14%	7.63%
US dollars	1 492.44	22.34%	2 093.31	27.29%	40.26%
Russian Rubles	35.12	0.53%	35.98	0.47%	2.47%
Other currencies	10.20	0.15%	7.89	0.10%	-22.66%

Total:	6 680.14	100.00%	7 671.74	100.00%	14.84%
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Investment results

Investment return of eleven months of 2017 amounted to KZT 540.43 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 30.11.2017 was 7.15% which means 7.80% per annum.

Structure of investment income is in Table 3.

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

KZT bln

Description	Investment return from the beginning of 2017
Income as remuneration on securities including deposits and Reverse REPO	475.00
Income (loss) of market revaluation	43.50
Income (loss) of FX revaluation	17.31
Other income (loss)	4.62
Total:	540.43

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 01.12.2017.

Table 4. UAPF PA Investment limits

No	Financial instrument	Actual value (in % of pension assets)	Requirement performance (yes / no)
1	Foreign emitters:	20.51%	yes
1.1	Government, Agents and IFO securities:	13.78%	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	9.71%	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.	4.08%	yes
1.2	Corporate debt securities:	0.81%	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.	0.08%	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.	0.73%	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	0.31%	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	5.15%	yes
1.6	Structured products of emitters with rating of no less than BBB- on	0.45%	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

	international scale of Standard & Poor's or rating of same level of one of the other rating agencies		
1.7	Islamic Financing Instruments:	0.00%	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.	0.00%	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:	78.06%	yes
2.1	GS RK issued by Ministry of Finance of RK, National Bank of RK	44.59%	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	11.46%	yes
2.3	Financial instruments of Kazakhstani second tier banks	21.69%	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	0.24%	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
01.11.2017	08.11.2017	GS RK	National Bank of RK	KZW1KD070921	21 574 261 100
01.11.2017	29.11.2017	GS RK	National Bank of RK	KZW1KD280934	41 950 747 100
02.11.2017	10.11.2017	GS RK	National Bank of RK	KZW1KD070947	45 800 000 000
03.11.2017	10.11.2017	GS RK	National Bank of RK	KZW1KD070954	14 100 000 000
03.11.2017	22.03.2018	US GS	US Government	US912796NX34	50 449 100 000
06.11.2017	13.11.2017	GS RK	National Bank of RK	KZW1KD070970	55 846 473 200
06.11.2017	14.10.2024	GS RK	Правительство РК	XS1120709669	669 040 000
07.11.2017	14.11.2017	GS RK	National Bank of RK	KZW1KD070988	50 867 118 700
08.11.2017	15.11.2017	GS RK	National Bank of RK	KZW1KD070996	26 141 495 700
08.11.2017	06.12.2017	GS RK	National Bank of RK	KZW1KD281007	52 494 729 400
08.11.2017	23.06.2027	RF GS	RF Government	RU000A0JXTS9	2 336 320 000
09.11.2017	16.11.2017	GS RK	National Bank of RK	KZW1KD071010	53 742 626 900
09.11.2017	04.04.2042	RF GS	RF Government	XS0767473852	3 662 890 000
09.11.2017	29.08.2023	GS RK	RK Government	KZKD09090113	3 883 495 000
09.11.2017	04.04.2042	RF GS	RF Government	XS0767473852	1 664 950 000
09.11.2017	13.01.2028	Brazil GS	Government of Brazil	US105756BZ27	3 329 900 000
09.11.2017	23.06.2047	RF GS	RF Government	RU000A0JXU14	3 662 890 000
10.11.2017	17.11.2017	GS RK	National Bank of RK	KZW1KD071028	13 744 718 200

10.11.2017	09.07.2021	GS RK	RK Government	KZKDKY070842	4 000 000 000
10.11.2017	04.04.2042	RF GS	RF Government	XS0767473852	7 649 110 000
10.11.2017	07.01.2041	Brazil GS	Government of Brazil	US105756BR01	3 325 700 000
13.11.2017	20.11.2017	GS RK	National Bank of RK	KZW1KD071044	60 338 835 200
13.11.2017	23.01.2022	GS RK	RK Government	KZK2KY050500	10 000 000 000
13.11.2017	04.04.2042	RF GS	RF Government	XS0767473852	8 651 240 000
13.11.2017	21.02.2047	Brazil GS	Government of Brazil	US105756BY51	1 663 700 000
13.11.2017	27.01.2045	Brazil GS	Government of Brazil	US105756BW95	1 663 700 000
14.11.2017	21.11.2017	GS RK	National Bank of RK	KZW1KD071051	86 420 042 400
14.11.2017	21.07.2025	GS RK	RK Government	XS1263054519	3 550 617 620
14.11.2017	04.04.2042	RF GS	RF Government	XS0767473852	8 188 356 000
14.11.2017	23.06.2047	RF GS	RF Government	RU000A0JXU14	1 864 016 000
14.11.2017	07.04.2026	Brazil GS	Government of Brazil	US105756BX78	3 328 600 000
15.11.2017	13.12.2017	GS RK	National Bank of RK	KZW1KD281072	116 239 668 000
15.11.2017	23.06.2047	RF GS	RF Government	RU000A0JXU14	6 654 400 000
15.11.2017	29.08.2023	GS RK	RK Government	KZKDKY090113	6 000 000 000
15.11.2017	20.01.2037	Brazil GS	Government of Brazil	US105756BK57	1 663 600 000
16.11.2017	23.11.2017	GS RK	National Bank of RK	KZW1KD071085	62 257 534 600
16.11.2017	14.10.2044	GS RK	RK Government	XS1120709826	4 320 940 000
16.11.2017	21.07.2045	GS RK	RK Government	XS1263139856	13 627 580 000
16.11.2017	07.01.2041	Brazil GS	Government of Brazil	US105756BR01	3 323 800 000
17.11.2017	24.11.2017	GS RK	National Bank of RK	KZW1KD071093	9 014 817 100
17.11.2017	09.07.2021	GS RK	RK Government	KZKDKY070842	4 000 000 000
20.11.2017	27.11.2017	GS RK	National Bank of RK	KZW1KD071119	57 500 000 000
20.11.2017	23.01.2022	GS RK	RK Government	KZK2KY050500	10 000 000 000
20.11.2017	07.04.2026	Brazil GS	Government of Brazil	US105756BX78	3 310 000 000
21.11.2017	28.11.2017	GS RK	National Bank of RK	KZW1KD071127	90 300 000 000
21.11.2017	27.01.2045	Brazil GS	Government of Brazil	US105756BW95	1 651 450 000
22.11.2017	29.11.2017	GS RK	National Bank of RK	KZW1KD071135	18 498 788 000
22.11.2017	20.12.2017	GS RK	National Bank of RK	KZW1KD281148	76 297 080 400
22.11.2017	29.08.2023	GS RK	RK Government	KZKDKY090113	6 000 000 000
23.11.2017	30.11.2017	GS RK	National Bank of RK	KZW1KD071168	75 256 808 100
24.11.2017	04.12.2017	GS RK	National Bank of RK	KZW1KD101171	22 700 000 000
24.11.2017	09.07.2021	GS RK	RK Government	KZKDKY070842	4 000 000 000
27.11.2017	04.12.2017	GS RK	National Bank of RK	KZW1KD071184	56 300 000 000
27.11.2017	23.01.2022	GS RK	RK Government	KZK2KY050500	7 000 000 000
28.11.2017	05.12.2017	GS RK	National Bank of RK	KZW1KD071192	99 800 000 000
28.11.2017	23.06.2047	RF GS	RF Government	RU000A0JXU14	1 657 500 000
28.11.2017	27.01.2045	Brazil GS	Government of Brazil	US105756BW95	1 657 500 000
29.11.2017	27.12.2017	GS RK	National Bank of RK	KZW1KD281213	56 400 000 000
29.11.2017	29.08.2023	GS RK	RK Government	KZKDKY090113	7 000 000 000
29.11.2017	07.01.2025	Brazil GS	Government of Brazil	US105756BV13	1 658 050 000
30.11.2017	07.12.2017	GS RK	National Bank of RK	KZW1KD071226	34 182 605 100
30.11.2017	06.03.2027	GS RK	RK Government	KZKDKY100177	2 000 000 000
30.11.2017	14.10.2024	GS RK	RK Government	XS1120709669	1 324 880 000
30.11.2017	31.05.2018	US GS	US Government	US912796PH65	53 326 420 000
Total					1 561 488 093 820

Table 7. Information on financial instruments sale within reporting period

Transaction Date	Maturity Date	Instrument	Emitter	ISIN	KZT amount of transaction
07.11.2017	16.11.2017	US GS	US Government	US912796MC06	332 826 762.
09.11.2017	16.11.2017	US GS	US Government	US912796MC06	9 988 068 382
10.11.2017	16.11.2017	US GS	US Government	US912796MC06	13 966 799 285
13.11.2017	16.11.2017	US GS	US Government	US912796MC06	3 327 216 993
14.11.2017	14.12.2017	US GS	US Government	US912796MG10	11 640 668 272
15.11.2017	14.12.2017	US GS	US Government	US912796MG10	1 662 255 625
21.11.2017	14.12.2017	US GS	US Government	US912796MG10	3 630 872 025
22.11.2017	14.12.2017	US GS	US Government	US912796MG10	1 650 146 031
Total					46 198 853 375

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

Transaction Date	Maturity Date	Emitter	KZT amount of transaction
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03.11.2017	31.01.2018	ING Bank N.V.	25 057 500 000
03.11.2017	31.01.2018	Societe Generale Paris	25 057 500 000
17.11.2017	15.02.2018	Credit Agricole CIB	32 888 790 000
Total			83 003 790 000

Table 9. Information on principal redemptions within reporting period

ISIN	Instruments	Emitter	Date of actual redemption	KZT maturity amount
KZW1KD280645	GS RK	National Bank of RK	01.11.2017	81 676 276 900
KZW1KD070871	GS RK	National Bank of RK	02.11.2017	17 000 000 000
KZW1KD070889	GS RK	National Bank of RK	03.11.2017	12 391 458 800
KZW1KD070905	GS RK	National Bank of RK	06.11.2017	56 600 000 000
KZW1KD070913	GS RK	National Bank of RK	07.11.2017	51 000 000 000
KZW1KD280702	GS RK	National Bank of RK	08.11.2017	68 853 556 200
KZW1KD070921	GS RK	National Bank of RK	08.11.2017	21 574 261 100
KZW1KD070947	GS RK	National Bank of RK	09.11.2017	45 800 000 000
KZW1KD070954	GS RK	National Bank of RK	10.11.2017	14 100 000 000
KZW1KD070970	GS RK	National Bank of RK	13.11.2017	55 846 473 200
KZW1KD070988	GS RK	National Bank of RK	14.11.2017	50 867 118 700
KZW1KD070996	GS RK	National Bank of RK	15.11.2017	26 141 495 700
KZW1KD280777	GS RK	National Bank of RK	15.11.2017	82 391 033 100
US912796MC06	US GS	US Government	16.11.2017	17 283 760 000
KZW1KD071010	GS RK	National Bank of RK	16.11.2017	53 742 626 900
KZW1KD071028	GS RK	National Bank of RK	17.11.2017	13 744 718 200
KZW1KD071044	GS RK	National Bank of RK	20.11.2017	60 338 835 200
KZW1KD071051	GS RK	National Bank of RK	21.11.2017	86 420 042 400
KZW1KD280850	GS RK	National Bank of RK	22.11.2017	114 217 146 900
KZW1KD071085	GS RK	National Bank of RK	23.11.2017	62 257 534 600
KZW1KD071093	GS RK	National Bank of RK	24.11.2017	9 014 817 100
KZW1KD071119	GS RK	National Bank of RK	27.11.2017	57 500 000 000
KZW1KD071127	GS RK	National Bank of RK	28.11.2017	90 300 000 000
KZW1KD280934	GS RK	National Bank of RK	29.11.2017	41 950 747 100
KZW1KD071135	GS RK	National Bank of RK	29.11.2017	18 498 788 000
KZW1KD071168	GS RK	National Bank of RK	30.11.2017	75 256 808 100
KZP01Y05E319	Bonds	Central Asia Cement JSC	15.11.2017	624 999 000
KZ2C0Y07D899	Bonds	KazMunayGaz NC JSC	13.11.2017	50 485 656 000
Total				1 335 878 153 200

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

Date of redemption	Date of closing	Emitter	KZT maturity amount
17.11.2017	17.11.2017	Credit Agricole CIB	66 442 000 000
30.11.2017	30.11.2017	Bank of Tokyo-Mitsubishi. LTD.	57 963 500 000
Total			124 405 500 000