

Information on the Investment Management of the Pension Assets of JSC UAPF

The pension assets (hereinafter – the PA) of the UAPF under the trust management of the National Bank of the Republic of Kazakhstan (hereinafter – the NBRK) amounted to KZT 10,564.43 bln.¹ as of November 1, 2019.

The profile of the investment portfolio of financial instruments formed from the UAPF pension assets is provided in Table 1.

Table 1. Profile of the UAPF PA Investment Portfolio under the Trust Management of the NBRK in the Context of Financial Instruments

KZT bln.

| Name | Current Value as of 01.01.2019 | Share as of 01.01.2019 | Current Value as of 01.11.2019 | Share as of 01.11.2019 | Increase/Decrease from the Beginning of the Year |
|--|--------------------------------|------------------------|--------------------------------|------------------------|--|
| Government securities (GS) of the RK | 4 057,98 | 43,27% | 4 037,83 | 38,22% | -0,50% |
| Foreign GS | 1 191,92 | 12,71% | 1 534,55 | 14,53% | 28,75% |
| International Financial Institutions (IFI) | 170,96 | 1,82% | 304,94 | 2,89% | 78,37% |
| Corporate bonds of the issuers of the RK | 42,06 | 0,45% | 29,73 | 0,28% | -29,31% |
| Bonds of the quasi-public organizations of the RK | 1 299,90 | 13,86% | 1 643,08 | 15,55% | 26,40% |
| Bonds of the second-tier banks (STB) of the RK | 1 264,78 | 13,49% | 1 266,27 | 11,99% | 0,12% |
| Corporate bonds of foreign issuers | 8,85 | 0,09% | 9,60 | 0,09% | 8,45% |
| Bonds of the foreign issuers of quasi-public sector | 232,92 | 2,48% | 236,31 | 2,24% | 1,45% |
| PPN (structured notes) | 33,95 | 0,36% | 31,86 | 0,30% | -6,16% |
| Shares and depository receipts of the issuers of the RK | 224,40 | 2,39% | 239,91 | 2,27% | 6,91% |
| Shares and depository receipts of foreign issuers | 20,42 | 0,22% | 27,05 | 0,26% | 32,44% |
| Deposits | 277,65 | 2,96% | 254,90 | 2,41% | -8,19% |
| Deposits of the NBRK | 154,07 | 1,64% | 189,00 | 1,79% | 22,67% |
| Deposits in foreign banks | 343,16 | 3,66% | 300,81 | 2,85% | -12,34% |
| Swaps | - | - | 1,89 | 0,02% | |
| Cash on investment accounts | 126,69 | 1,35% | 302,95 | 2,87% | |
| Other assets (accounts receivable ² , overdue indebtedness, provisions) | 15,23 | 0,16% | 55,86 | 0,53% | |
| Assets under the external management of Aviva Investors Global Services Limited* | 82,80 | 0,88% | 97,89 | 0,93% | 18,22% |
| Total PA under the management of the NBRK | 9 378,03** | 100,00% | 10 564,43 | 100,00% | 12,65% |
| Obligations payable under the consummated transactions | 169,71 | | | | |
| Cash on the pension contributions and payments accounts | 7,12 | | 2,06 | | |
| Total pension assets | 9 554,86 | | 10 566,49 | | 10,59% |

* - within the framework of the Global Emerging Markets Bond mandate

** - taking into account the obligations payable under the consummated transactions in the amount of KZT 169.71 bln.

The weighted average yield to maturity (YTM) of the debt financial instruments in the UAPF PA investment portfolio amounted to 7.04% per annum, including 8.7% per annum for those denominated in tenge and 3.4% per annum for those in foreign currency as of 01.11.2019.

¹ excluding cash on the pension contributions and payments accounts.

² accounts receivable shall include the amounts receivable on fees and/or principal debt with the indebtedness repayment due date by the issuer, in accordance with the terms of the prospectus for issuing a financial instrument, as well as the funds receivable from the sale of financial instruments (FI)

Government Securities of the Republic of Kazakhstan

The GS of the RK take the main share of the UAPF PA portfolio, the current value of which increased by KZT 103.48 bln. and amounted to KZT 4,037.83 bln. for the reporting month. The share thereof in the portfolio amounted to 38.22%.

The following financial instruments were purchased within the reporting period:

- short-term discount notes of the NBRK in the amount of KZT 161.97 bln. with the weighted average yield to maturity of 9.50% per annum;
- GS of the Ministry of Finance of the RK, denominated in KZT, in the amount of KZT 12.88 bln. with the weighted average yield to maturity of 9.57% per annum.

During the reporting period the discount notes of NBRK were repurchased in amount of KZT 60.00 bln.

There were no sales of GS of the Republic of Kazakhstan.

The weighted average yield to maturity of the GS of the RK, denominated in KZT, amounted to 7.7% per annum, in US dollars – 4.4% per annum as of the reporting date.

Foreign Government Securities

The current value of foreign government securities decreased by KZT 78.34 bln. and amounted to KZT 1,534.55 bln. for the reporting month. The share thereof in the portfolio amounted to 14.53%.

The short-term GS of the USA were purchased in the amount of KZT 238.45 bln. at the nominal value thereof with the weighted average yield to maturity of 1.65% per annum within the reporting period.

There were purchase and sale transactions of GS of the following countries: Russian Federation, Philippines, Peru, Indonesia, Mexico, Brazil. The volume of net sales amounted to KZT 131.0 bln. within the reporting period.

The short-term GS of the USA were repurchased in the amount of KZT 208.27 bln.

The weighted average yield to maturity of the foreign GS in the UAPF PA portfolio amounted to 2.6% per annum as of the reporting date.

Bonds of the International Financial Institutions (IFI)

The current value of the bonds of the International Financial Institutions decreased by KZT 0.01 bln. and amounted to KZT 304.94 bln. for the reporting month. The share thereof in the portfolio amounted to 2.89%.

The bonds of the Eurasian Development Bank were repurchased in the amount of KZT 19.98 bln. within the reporting period (decrease in current value occurred in the previous month).

There were no purchases and sales of the securities of the International Financial Institutions.

The weighted average yield to maturity of the bonds of the International Financial Institutions, denominated in KZT, amounted to 6.4% per annum, in US dollars – 5.0% per annum.

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

The current value of the deposits of the STB of the RK, with the weighted average yield to maturity of 4.76 years, decreased by KZT 2.01 bln. and amounted to KZT 254.90 bln. for the reporting month. The share thereof in the portfolio amounted to 2.41%.

In accordance with the conditions of the bank deposit agreements there were repayment of the main debt and early partial repayment of the main debt on deposits of STB of the Republic of Kazakhstan in the amount of KZT 2.55 bln. within the reporting period.

There were no deposits allocations of the STB of the RK.

The weighted average yield to maturity of the deposits of the STB of the RK amounted to 9.2% per annum as of the reporting date.

Deposits in Foreign Banks

The current value of the deposits in foreign banks with the weighted average yield to maturity of 1.91 month increased by KZT 17.67 bln. and amounted to KZT 300.81 bln. for the reporting month. The share thereof in the portfolio amounted to 2.85%.

The deposits denominated in US dollars and Russian rubles in the amount of KZT 138.80 bln. with the weighted average yield to maturity of 1.95% per annum and KZT 5.99 bln. with the weighted average yield to maturity yield of 6.60% per annum respectively were allocated within the reporting period.

The deposits in the amount of KZT 128.43 bln. were repaid within the reporting period.

The weighted average yield to maturity of the deposits in foreign banks amounted to 2.4% per annum as of the reporting date.

Deposits in the National Bank of the RK

The current value of the deposits in the National Bank of the RK amounted to KZT 189.00 bln. The share thereof in the portfolio amounted to 1.79%.

The investments were made in relation to the overnight deposits of the National Bank of the RK in the total amount of KZT 6,258.00 bln. with the weighted average yield to maturity of 8.25% per annum within the reporting month, within the framework of managing the current liquidity, for the purpose of maintaining the yield on pension assets. The deposits in the total amount of KZT 6,418.00 bln. were repaid within the reporting period.

The weighted average yield to maturity of the deposits in the National Bank of the RK amounted to 8.25% per annum as of the reporting date.

Corporate Bonds of the Issuers of the Republic of Kazakhstan

The current value of the corporate bonds of the issuers of the RK increased by KZT 0.16 bln. and amounted to KZT 29.73 bln. for the reporting month. The share thereof in the portfolio amounted to 0.28%.

There were no repayments, purchases and sales of the corporate bonds of the issuers of the RK.

Bonds of the Quasi-Public Organizations of the Republic of Kazakhstan

The current value of the bonds of the quasi-public organizations of the RK increased by KZT 172.78 bln. and amounted to KZT 1,643.08 bln. for the reporting period. The share thereof in the portfolio amounted to 15.55%.

The bonds of JSC NC KTZ were purchased in the amount of KZT 170.00 bln. with the weighted average yield to maturity of 11.50% per annum within the reporting month, also within the framework of the credit facility for some priority projects through the STB RK in total amount of KZT 600.00 bln there were acquired bonds of JSC “Agrarian Credit Corporation” in amount of KZT 1.65 bln with yield to maturity 10.75% per annum.

In the reporting period, in accordance with the maturity established in the prospectus, the principal debt on bonds of JSC “Baspana” Mortgage organization was repurchased in the amount of KZT 10.00 bln.

There were no sales of the bonds of the quasi-public organizations of the RK.

The weighted average yield to maturity of the bonds of the quasi-public organizations of the RK, denominated in KZT, amounted to 10.4% per annum, in US dollars – 5.0% per annum as of the reporting date.

Bonds of the Second-Tier Banks of the Republic of Kazakhstan

The current value of the bonds of the STB of the RK increased by KZT 6.41 bln. and amounted to KZT 1,266.27 bln. for the reporting month. The share thereof in the portfolio amounted to 11.99%.

The bonds of JSC “Subsidiary Bank Alfa-Bank” were purchased in the amount of KZT 7.5 bln. with the weighted average yield to maturity of 10.75% per annum within the reporting period, within the framework of the credit facility for some priority projects through the STB of the RK in the amount of KZT 600 bln.

There were no sales and repayments of the bonds of the STB of the RK.

The weighted average yield to maturity of the bonds of the STB of the RK, denominated in KZT, amounted to 9.9% per annum, in US dollars – 6.4% per annum as of the reporting date.

Corporate Bonds of Foreign Issuers

The current value of the corporate bonds of foreign issuers increased by KZT 0.25 bln. and amounted to KZT 9.60 bln. for the reporting month. The share thereof in the portfolio amounted to 0.09%.

There were no purchases, sales and repayments of the corporate bonds of foreign issuers within the reporting period.

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

Bonds of the Foreign Issuers of Quasi-Public Sector

The current value of the bonds of the foreign issuers of the quasi-public sector increased by KZT 0.59 bln. and amounted to KZT 236.31 bln. for the reporting month. The share thereof in the portfolio amounted to 2.24%.

There were no purchases, sales and repayments of the bonds of the foreign issuers of the quasi-public sector within the reporting period.

The weighted average yield to maturity of the bonds of the foreign issuers of the quasi-public sector in the UAPF PA portfolio amounted to 4.6% per annum as of the reporting date.

PPN (Structured Notes) of Foreign Issuers

The current value of the PPN (structured notes) of foreign issuers amounted to KZT 31.86 bln. within the reporting month. The share thereof in the portfolio amounted to 0.30%.

There were no sales, repayments and purchases of the PPN (structured notes) of foreign issuers.

Shares and Depository Receipts of the Issuers of the Republic of Kazakhstan

The current value of the shares and depository receipts of the issuers of the RK increased by KZT 9.20 bln. and amounted to KZT 239.91 bln. for the reporting month. The share thereof in the portfolio amounted to 2.27%.

There were no purchases and sales of the shares and depository receipts of the issuers of the RK within the reporting period.

Shares and Depository Receipts of Foreign Issuers

The current value of the shares and depository receipts of foreign issuers increased by KZT 1.58 bln. and amounted to KZT 27.05 bln. for the reporting month. The share thereof in the portfolio amounted to 0.26%.

There were no sales and purchases of the shares and depository receipts of foreign issuers within the reporting period.

Derivative Financial Instruments

Some USD/JPY currency swap transactions in the amount of USD 327.00 mln. were consummated for a period of 6 to 9 months with a number of large international investment banks with a credit rating of “A” and higher within the reporting period.

These transactions were concluded on market conditions in order to increase the return on pension assets as part of short-term liquidity management. JPY 35.29 bln. were provided to the UAPF PA portfolio within the framework of these transactions.

Currency Composition

The investment portfolio of financial instruments in the context of currencies denominating the financial instruments purchased using the UAPF pension assets is provided in Table 2.

Table 2. Profile of the UAPF PA Investment Portfolio under the Trust Management of the NBRK in the Context of Currencies

KZT bln.

| Currency | Current Value as of 01.01.2019 | Share as of 01.01.2019 | Current Value as of 01.11.2019 | Share as of 01.11.2019 | Increase/Decrease from the Beginning of the Year |
|-------------------|--------------------------------|------------------------|--------------------------------|------------------------|--|
| National currency | 6 304,73 | 67,23% | 6 949,8 | 65,79% | 10,23% |
| US dollars | 3 035,86 | 32,37% | 3 275,0 | 31,00% | 7,88% |
| Russian rubles | 30,28 | 0,32% | 33,9 | 0,32% | 11,79% |
| Other currencies | 7,16 | 0,08% | 305,8 | 2,89% | 4170,44% |
| Total: | 9 378,03 | 100,00% | 10 564,43 | 100,00% | 12,65% |

Investment Results

The amount of the accrued investment return from the beginning of 2019 amounted to KZT 599.35 bln. as a result of investment activities as well as due to the volatility of foreign exchange rates and change in the market value of financial instruments. The yield of the UAPF pension assets distributed on the depositors' (recipients') accounts from the beginning of 2019 amounted to 5.67%.

Therein, the yield of the pension assets over the past 12 months (from November 2018 to October 2019) for the depositors (recipients) of the UAPF amounted to 8.00% with an inflation rate of 5.50% as of November 1, 2019. Thus, the effective yield of the UAPF pension assets amounted to 2.50% over the past 12 months.

The profile of the investment return for the specified period is provided in Table 3.

Table 3. Profile of the Investment Return Received for the UAPF PA under the Trust Management of the NBRK

| <i>KZT bln.</i> | |
|--|----------------------------|
| Name | Investment Return for 2019 |
| Income as an offset against securities, including against deposits and Reverse REPO transactions | 548,72 |
| Mark-to-market income (loss) | -38,29 |
| Foreign currency revaluation income (loss) | 46,68 |
| External management income (loss) | 15,09 |
| Other income (loss) | 27,15 |
| Total: | 599,35 |

Information on the Compliance with the Investment Policy Statement Parameters

The structure distribution of the UAPF PA under the trust management complies with the requirements of the UAPF Investment Policy Statement³. The shares of foreign exchange positions are within the permitted level and do not violate the requirements of the UAPF Investment Policy Statement. The data on the compliance with the investment limits for the UAPF PA as of November 1, 2019 are provided in Table 4.

Table 4. Investment Limits for the UAPF PA

| No. | Financial Instrument | Actual Value (as a Percentage of the PA) | Compliance (Yes/No) |
|----------|---|--|---------------------|
| 1 | Foreign issuers: | 24,03 | yes |
| 1.1 | Government and agency securities as well as the securities of the International Financial Institutions (IFI): | 18,27% | yes |
| 1) | with the rating not less than BBB- in accordance with the international scale of the Standard & Poor's agency or rating of the same level of one of any other rating agencies | 17,86% | yes |
| 2) | with the rating from BB+ to BB- in accordance with the international scale of the Standard & Poor's agency or rating of the same level of one of any other rating agencies | 0,41% | yes |
| 1.2 | Corporate debt securities: | 2,35% | yes |
| 1) | with the rating of the security and/or issuer not less than BBB- in accordance with the international scale of the Standard & Poor's agency or rating of the same level of one of any other rating agencies | 2,32% | yes |
| 2) | with the rating of the security and/or issuer from BB+ to BB- in accordance with the international scale of the Standard & Poor's agency or rating of the same level of one of any other rating agencies | 0,03% | yes |

³ The UAPF Investment Policy Statement was approved by the Resolution of the Board of the National Bank of the Republic of Kazakhstan dated March 17, 2016 No. 86

| | | | |
|----------|--|---------------|-----|
| 1.3 | Securities mortgage-backed by immovable property (MBS) and assets (ABS) with the rating of the security and/or issuer not less than BBB- in accordance with the international scale of the Standard & Poor's agency or rating of the same level of one of any other rating agencies | 0,00% | yes |
| 1.4 | Shares, depository receipts for shares | 0,26% | yes |
| 1.5 | Deposits in the foreign banks with the rating not less than A- in accordance with the international scale of the Standard & Poor's agency or rating of the same level of one of any other rating agencies | 2,85% | yes |
| 1.6 | Structured products issued by the organizations with the rating not less than BBB- in accordance with the international scale of the Standard & Poor's agency or rating of the same level of one of any other rating agencies | 0,30% | yes |
| 1.7 | Islamic financing instruments: | 0,00% | yes |
| 1) | with the rating of the security and/or issuer not less than BBB- in accordance with the international scale of the Standard & Poor's agency or rating of the same level of one of any other rating agencies | 0,07% | yes |
| 2) | with the rating of the security and/or issuer from BB+ to BB- in accordance with the international scale of the Standard & Poor's agency or rating of the same level of one of any other rating agencies | 0,00% | yes |
| 2 | Issuers of the Republic of Kazakhstan: | 72,29% | yes |
| 2.1 | Government securities of the Republic of Kazakhstan issued by the Ministry of Finance of the Republic of Kazakhstan, the National Bank of the Republic of Kazakhstan | 38,22% | yes |
| 2.1-1 | Government securities of the Republic of Kazakhstan issued by some local executive bodies of the Republic of Kazakhstan | 0,00% | yes |
| 2.1-2 | Deposits of the National Bank of the Republic of Kazakhstan | 1,79% | yes |
| 2.2 | Securities of the quasi-public sector entities | 16,52% | yes |
| 2.3 | Financial instruments of the second-tier banks of the Republic of Kazakhstan | 15,40% | yes |
| 2.4 | Non-government securities, except any debt securities of the quasi-public sector entities and second-tier banks of the Republic of Kazakhstan, with the rating of the security and/or issuer not less than B- in accordance with the international scale of the Standard & Poor's agency or rating of the same level of one of any other rating agencies | 0,08% | yes |
| 2.4-1 | Non-government debt securities issued against guarantee and/or security of the Government of the Republic of Kazakhstan | 0,00% | yes |
| 2.5 | Non-government securities, except any equity securities of the quasi-public sector entities and second-tier banks of the Republic of Kazakhstan included into the first category of the official list of the Kazakhstan Stock Exchange | 0,28% | yes |
| 2.6 | Islamic financing instruments included into the official list of the Kazakhstan Stock Exchange | 0,00% | yes |

Table 5. Investment Limits for the UAPF PA in relation to Certain Types of Financial Instruments

| No. | Financial Instrument | Actual Value (as a Percentage of the PA) | Compliance (Yes/No) |
|-----|--|--|------------------------|
| 1 | Standard derivative financial instruments | 3.37% | yes |
| 1) | if the derivative financial instruments are used for the investment risk hedging | 0.00% | yes |
| 2 | Gold in bars and on metallic accounts | 0.00% | yes |

Information on the Purchases, Sales and Repayments of the Financial Instruments in the UAPF PA investment portfolio

Table 6. Data on the Purchase of Financial Instruments within the Reporting Month

| Instrument | Currency | Securities Issuer | Nominal Value in KZT |
|---------------------------------|----------|---|------------------------|
| GS of the USA | USD | Government of the USA | 238,454,510,000 |
| Bonds | KZT | JSC NC KTZ | 170,000,000,000 |
| GS of the RK | KZT | National Bank of the RK | 161,971,448,500 |
| GS of the RK | KZT | Government of the RK | 12,875,000,000 |
| GS of the Republic of Indonesia | USD | Government of the Republic of Indonesia (net purchases) | 9,355,741,920 |
| Bonds | KZT | JSC Subsidiary Bank Alfa-Bank | 7,500,000,000 |
| Bonds | KZT | JSC Agrarian Credit Corporation | 1,650,000,000 |
| Total | | | 601,806,700,420 |

Table 7. Data on the Sale of Financial Instruments within the Reporting Month (netto sales)

| Instrument | Currency | Securities Issuer | Transaction Amount in KZT |
|----------------------------|----------|--------------------------------------|------------------------------|
| GS of the USA | USD | Government of the Russian Federation | 114,920,693,526 |
| GS of the Republic of Peru | USD | Government of the Republic of Peru | 5,339,032,488 |
| GS of the Mexico | USD | Government of the Mexico | 8,987,053,870 |

| | | | |
|---------------------------------------|-----|---|------------------------|
| GS of the Republic of Brazil | USD | Government of the Republic of Brazil | 7,350,625,036 |
| GS of the Republic of the Philippines | USD | Government of the Republic of the Philippines | 3,766,846,969 |
| Total | | | 140,364,251,890 |

Table 8. Data on the Deposits Allocations within the Reporting Month

| Instrument | Currency | Bank Name | Transaction Amount in KZT |
|--------------|----------|--------------------------|---------------------------|
| Deposit | KZT | National Bank of the RK | 6,258,000,000,000 |
| Deposit | USD | Bank of Montreal | 80,500,230,000 |
| Deposit | USD | Bank of Tokyo-Mitsubishi | 38,854,000,000 |
| Deposit | USD | Credit Agricole | 19,446,000,000 |
| Deposit | RUB | HSBC Bank | 5,990,000,000 |
| Total | | | 6,402,790,230,000 |

Table 9. Data on the Principal Debt Repayments for the Securities within the Reporting Month

| Instrument | Currency | Security Issuer | Amount Repayable in KZT |
|---------------|----------|-----------------------------------|-------------------------|
| GS of the USA | USD | Government of the USA | 208,270,450,000 |
| GS of the RK | KZT | National Bank of the RK | 60,000,000,000 |
| Bonds | KZT | Eurasian Development Bank | 19,980,000,000 |
| Bonds | KZT | JSC Baspana Mortgage organization | 10,000,000,000 |
| Total | | | 298,250,450,000 |

Table 10. Data on the Principal Debt Repayments for the Deposits within the Reporting Month

| Instrument | Currency | Bank Name | Amount Repayable in KZT |
|--------------|----------|--------------------------------------|--------------------------|
| Deposit | KZT | National Bank of the RK | 6,418,000,000,000 |
| Deposit | USD | DBS Bank | 70,085,921,490 |
| Deposit | USD | Bank of Montreal | 58,348,776,890 |
| Deposit | KZT | JSC Nurbank | 1,585,870,307 |
| Deposit | KZT | JSC Bank CenterCredit | 567,664,000 |
| Deposit | KZT | Subsidiary JSC VTB Bank (Kazakhstan) | 234,927,474 |
| Deposit | KZT | JSC Bank Kassa Nova | 165,000,000 |
| Total | | | 6,548,988,160,161 |