

Information on investment management of pension assets of JSC "UAPF"

As of March 1, 2018, the pension assets (further - PA) of the UAPF, which are under the trust management of the National Bank of the Republic of Kazakhstan (further - NB RK), amounted to KZT 7,884.76 billion¹.

The structure of the investment portfolio of financial instruments, formed from the pension assets is presented in Table 1.

Table 1. Structure of the investment portfolio of UAPF PA, which are under fiduciary management of the National Bank of RK by financial instruments

KZT bln

Title	Current value as at 01.01.2018	Share as at 01.01.2018	Current value as at 01.03.2018	Share as at 01.03.2018	Growth/Loss from the beginning of the year
Government securities of RK	3 587,63	46,14%	3 468,45	43,99%	-3,32%
Foreign government securities	948,84	12,20%	1 086,41	13,78%	14,50%
IFO	172,55	2,22%	172,86	2,19%	0,18%
Corporate bonds of RK emitters	58,30	0,75%	60,86	0,77%	4,38%
Bonds of quasi public organizations of RK	791,68	10,18%	791,18	10,03%	-0,06%
Bonds of STB RK	1 246, 49	16,03%	1 222,70	15,51%	-1,91%
Corporate bonds of foreign emitters	62,74	0,81%	59,91	0,76%	-4,51%
PPN	35,00	0,45%	34,17	0,43%	-2,38%
Shares and depository receipts of RK emitters	184,14	2,37%	158,46	2,01%	-13,95%
Shares and depository receipts of foreign emitters	23,68	0,30%	26,06	0,33%	10,06%
Deposits	325,82	4,19%	327,28	4,15%	0,45%
Deposits in foreign banks	277,41	3,57%	303,64	3,85%	9,46%
REPO	11,02	0,14%	19,97	0,25%	81,14%
Cash on investment accounts (less liabilities under financial instruments transactions)	20,88	0,27%	141,42	1,79%	577,25%
Other assets (accounts receivable ² , pastdue debt. provisions)	28,62	0,37%	11,40	0,14%	-60,16%
Total PA under fiduciary management of NBRK	7 774,82	100,00%	7 884,76	100,00%	1,41%
Cash on contribution and benefit payment accounts, as well as cash for FI transactions settlement	9,51		12,91		
PA Total	7 784,33		7 897,67		1,46%

Average YTM of debt instruments in the Fund's PA investment portfolio as of March 01, 2018 was 7.3% including those KZT nominated – 8.8% and nominated in foreign currency – 3.6 % per annum.

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.

Government securities of the Republic of Kazakhstan

Government securities of RK take main share of UAPF PA portfolio. In the reporting month their current value was decreased by KZT 5,19 bln and came to KZT 3 468,45 bln. They took 43,99% of the portfolio.

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

- The short-term discount notes of NBRK in amount of KZT 1 173,18 bln. Average yield to maturity came to 8,87% per annum.

- Government Securities of Ministry of Finance nominated in US \$ in amount of KZT 37,76 bln. with average YTM 4,66% per annum.

There was repayment of discount notes of NBRK in amount of KZT 1 204,41 bln.

Average yield to maturity of KZT nominated Government securities of RK in UAPF PA portfolio came to 7,7% per annum, while those nominated in USD – 4.2% per annum.

Foreign government securities

Current value of FGS within the month increased by KZT 101,52 bln up to KZT 1 086,41 bln. Their share came to 13,78 %.

Within the reporting period short-term US Government securities in amount of KZT 95,50 bln. with average YTM 1,74% per annum as well as mid-term US Government securities in amount of KZT 32,12 bln. with average YTM 2,66 % per annum were purchased on their nominal value.

Within new strategic distribution of the FX share of PA portfolio as provided in UAPF Investment Declaration there was investment into USD nominated GS of BB rating developing countries in amount of KZT 27,11 bln. on their nominal value with average YTM 4,06%, including:

- FGS of the Republic of Chile in amount of KZT 11,47 bln. with average YTM 3,92 % per annum;

- FGS of the Republic of Mexico in amount of KZT 4,29 bln. with average YTM 4,77% per annum;

- FGS of the Republic of Peru in amount of KZT 11,34 bln. with average YTM 3,92 per annum;

There were foreign government securities nominated in USD sold and redeemed in amounts of KZT 32,29 bln. and KZT 13,01 bln. respectively.

Within the reporting period average yield to maturity of foreign government securities in the PA portfolio came to 3,0% per annum.

IFO bonds

Current value of IFO bonds increased by KZT 0,69 bln. up to KZT 172,86 bln. The share of IFO bonds came to 2,19 %.

No IFO securities were sold or redeemed within reporting period.

Average yield to maturity of the IFO bonds in UAPF PA portfolio came to 7,1 % per annum

Deposits in second tier banks (STB) of RK

Current value of STB deposits with average maturity period of 5,4 years in the reporting period decreased by KZT 0,67 bln. and came to KZT 327,28 bln. Share of deposits came to 4,15 %.

There was principal redemption in amount of KZT 0,61 bln.

No other transactions took place.

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

Deposits in foreign banks

Within the reporting period current value of deposits in foreign banks with average maturity period of 1,77 month came to KZT 303,64 bln. decreasing by KZT 106,21 bln. Their share were 3,85%.

Average yield to maturity of STB deposits in PA portfolio was 1,7% per annum.

RK corporate bonds

Current value of RK corporate bonds amounted to KZT 60,86 bln. increasing by KZT 0,26 bln. Their share came to 0,77%.

No other transactions with RK emitters bonds took place in the period.

Average yield to maturity of corporate bonds of RK emitters came to 9.0%.

Bonds of quasi-public organizations of RK

Within the reporting period current value of the bonds of RK quasi-public organizations increased by KZT 1,77 bln. and amounted to KZT 791,18 bln. Their share came to 10,03 % of the portfolio.

There were no 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 13,22 bln. and came to KZT 1 222,70 bln. Their share took 15,51 %.

There was principal redemption in amount of KZT 9,97 bln.

No other transactions with these instruments took place within the period.

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 1,37 bln. and came to KZT 59,91 bln. The share came to 0,76%.

There were no 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 reporting period came to KZT 34,17 bln. decreasing by 0,16 KZT with share in portfolio of 0.43%.

No transactions with foreign PPN took place in the report period.

Shares and depository receipts of RK emitters

In the reporting period amount of shares and depository receipts of RK emitters decreased by KZT 49,58 bln and amounted to KZT 158,46 bln. The share came to 2,01% of the portfolio.

Shares of RK emitters were sold in amount of KZT 52,57 bln. in the period.

In the report period there were no other transactions with RK emitters' shares.

Foreign shares and depository receipts

In the reporting period amount of foreign shares and depository receipts increased by KZT 0,27 bln and came to KZT 26,06 bln. Their share in portfolio came to 0.33%.

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 currency

KZT bln

Currency	Current value as at 01.01.2018	Share as at 01.01.2018 .	Current value as at 01.03.2018 .	Share as at 01.03.2018 .	Growth/ loss from the beginning of the year
National Currency	5 619,71	72,28%	5 477,32	69,47%	2,53%
US dollars	2 110,34	27,14%	2 362,44	29,96%	11,95%
Russian Rubles	36,90	0,47%	36,92	0,47%	0,04%
Other currencies	7,88	0,10%	8,09	0,10%	2,67%
Total::	7 774,82	100,00%	7 884,76	100,00%	1,41%

Investment results:

Investment return from the beginning of the January 2018 amounted to KZT 36,91 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. The investment yield of the UAPF pension assets accumulated in members' accounts from the beginning of the year is 0,37%.

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 - 2018
Income as remuneration on securities including deposits and Reverse REPO	87,64
Income (loss) of market revaluation	27,08
Income (loss) of FX revaluation	-75,09
Other income (loss)	-2,72
Total:	36,91

Compliance with investment declaration parameters

Structure distribution of UAPF PA under fiduciary management complies with requirements of the UAPF Investment Declaration. 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 01.03.2018.

Table 4. UAPF PA Investment limits

	Financial instrument	Actual value (in percent of pension assets)	Performance (yes / no)
1	Foreign emitters::	21,35%	yes
1.1	Government, Agents and IFO securities::	15,97%	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	12,04%	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.	3,93%	yes

1.2	Corporate debt securities::	0,76%	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.	0,68%	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	0,33%	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	3,85%	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	0,43%	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:	75,76%	yes
2.1	GS RK issued by Ministry of Finance of RK, National Bank of RK	43,99%	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	10,54%	yes
2.3	Financial instruments of Kazakhstani second tier banks	20,90%	yes
2.4	Non-Government securities except for debt securities of the quasipublic 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
2.4-1	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 quasipublic sector and second tier banks of the Republic of Kazakhstan included into the first category of the KASE official list	0,22%	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

№	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
01.02.2018	31.01.2025	GS USA	US Government	US9128283V09	16 136 500 000
01.02.2018	15.01.2047	GS Mexico	Government of Mexico	US91087BAB62	1 065 009 000
01.02.2018	08.02.2018	GS RK	National Bank of RK	KZW1KD071804	104 500 000 000
01.02.2018	18.11.2050	GS Peru	Government of Peru	US715638BM30	5 163 680 000
01.02.2018	11.01.2040	GS Mexico	Government of Mexico	US91086QAV05	3 227 300 000
02.02.2018	14.03.2037	GS Peru	Government of Peru	US715638AU64	3 859 440 000
02.02.2018	25.08.2027	GS Peru	Government of Peru	US715638BU55	1 608 100 000

02.02.2018	21.06.2047	GS Chile	Government of Chile	US168863CE60	3 216 200 000
05.02.2018	12.02.2018	GS RK	National Bank of RK	KZW1KD071820	6 500 000 000
05.02.2018	30.10.2042	GS Chile	Government of Chile	US168863BP27	3 545 630 000
05.02.2018	25.08.2027	GS Peru	Government of Peru	US715638BU55	709 126 000
06.02.2018	30.10.2042	GS Chile	Government of Chile	US168863BP27	1 620 300 000
06.02.2018	13.02.2018	GS RK	National Bank of RK	KZW1KD071838	82 000 000 000
07.02.2018	07.03.2018	GS RK	National Bank of RK	KZW1KD281858	100 000 000 000
07.02.2018	14.02.2018	GS RK	National Bank of RK	KZW1KD071846	4 340 669 000
07.02.2018	09.08.2018	GS USA	US Government	US912796PU76	63 472 640 000
08.02.2018	15.02.2018	GS RK	National Bank of RK	KZW1KD071861	110 000 000 000
08.02.2018	21.06.2047	GS Chile	Government of Chile	US168863CE60	3 090 825 000
09.02.2018	16.02.2018	GS RK	National Bank of RK	KZW1KD071879	4 804 741 700
12.02.2018	19.02.2018	GS RK	National Bank of RK	KZW1KD071895	51 100 000 000
13.02.2018	21.07.2025	GS RK	Government of RK	XS1263054519	3 890 520 000
13.02.2018	20.02.2018	GS RK	National Bank of RK	KZW1KD071903	76 539 427 600
13.02.2018	14.10.2024	GS RK	Government of RK	XS1120709669	4 538 940 000
14.02.2018	21.07.2045	GS RK	Government of RK	XS1263139856	11 434 397 500
14.02.2018	14.03.2018	GS RK	National Bank of RK	KZW1KD281932	85 700 000 000
15.02.2018	22.02.2018	GS RK	National Bank of RK	KZW1KD071952	115 000 000 000
19.02.2018	26.02.2018	GS RK	National Bank of RK	KZW1KD071986	60 600 000 000
20.02.2018	21.07.2045	GS RK	Government of RK	XS1263139856	9 569 700 000
20.02.2018	27.02.2018	GS RK	National Bank of RK	KZW1KD071994	80 200 000 000
21.02.2018	28.02.2018	GS RK	National Bank of RK	KZW1KD072000	14 583 485 700
21.02.2018	26.03.2018	GS RK	National Bank of RK	KZW1KD332016	94 255 546 300
22.02.2018	21.07.2045	GS RK	Government of RK	XS1263139856	639 360 000
23.02.2018	02.03.2018	GS RK	National Bank of RK	KZW1KD072034	22 997 642 900
23.02.2018	28.02.2023	GS USA	US Government	US9128284A52	15 982 500 000
26.02.2018	05.03.2018	GS RK	National Bank of RK	KZW1KD072059	95 400 000 000
28.02.2018	21.07.2045	GS RK	Government of RK	XS1263139856	7 687 200 000
28.02.2018	28.03.2018	GS RK	National Bank of RK	KZW1KD282088	64 654 951 000
28.02.2018	23.08.2018	GS USA	US Government	US912796PV59	32 030 000 000
Total					1 365 663 831 700

Table 7. Information on financial instruments sale within reporting period

Transaction Date	Maturity Date	Instrument	Emitter	ISIN	KZT amount of transaction
01.02.2018		Shares	KMG EP JSC	KZ1P51460114	85 752 002
02.02.2018		Shares	KMG EP JSC	KZ1P51460114	620 353
06.02.2018		Shares	KMG EP JSC	KZ1P51460114	10 608 519
06.02.2018	31.01.2025	GS USA	US Government	US9128283V09	16 119 691 067
06.02.2018	31.01.2025	GS USA	US Government	US9128283U26	16 174 997 233
19.02.2018		Shares	KMG EP JSC	US48666V2043	49 077 434 604
19.02.2018		Shares	KMG EP JSC	KZ1C51460018	3 398 637 744
Total					84 867 741 522

Table 8. Information on principal redemptions within reporting period

ИИИ (ISIN)	Instruments	Emitter	Date of actual redemption	KZT maturity amount
KZW1KD071739	GS RK	National Bank of RK	01.02.2018	90 000 000 000
KZW1KD071770	GS RK	National Bank of RK	06.02.2018	77 000 000 000
KZW1KD281593	GS RK	National Bank of RK	07.02.2018	134 079 663 400
US912796NR65	GS USA	US Government	08.02.2018	13 014 000 000
KZW1KD071804	GS RK	National Bank of RK	08.02.2018	104 500 000 000
KZW1KD071820	GS RK	National Bank of RK	12.02.2018	6 500 000 000
KZW1KD071838	GS RK	National Bank of RK	13.02.2018	82 000 000 000
KZP04Y05E057	Bonds	AO «KASPI BANK»	13.02.2018	9 970 000 000
KZW1KD281650	GS RK	National Bank of RK	14.02.2018	56 031 000 200
KZW1KD071846	GS RK	National Bank of RK	14.02.2018	4 340 669 000
KZW1KD071861	GS RK	National Bank of RK	15.02.2018	110 000 000 000
KZW1KD071879	GS RK	National Bank of RK	16.02.2018	4 804 741 700
KZW1KD071895	GS RK	National Bank of RK	19.02.2018	51 100 000 000
KZW1KD071903	GS RK	National Bank of RK	20.02.2018	76 539 427 600

KZW1KD281726	GS RK	National Bank of RK	21.02.2018	115 135 716 700
KZW1KD071952	GS RK	National Bank of RK	22.02.2018	115 000 000 000
KZW1KD071986	GS RK	National Bank of RK	26.02.2018	60 600 000 000
KZW1KD071994	GS RK	National Bank of RK	27.02.2018	80 200 000 000
KZW1KD281791	GS RK	National Bank of RK	28.02.2018	22 000 000 000
KZW1KD072000	GS RK	National Bank of RK	28.02.2018	14 583 485 700
Total				1 227 398 704 300

Table 9. Information on banks deposits allocation within reporting period

Transaction Date	Maturity Date	Emitter	KZT maturity amount
05.02.2018	05.02.2018	Credit Agricole	71 879 590 000
15.02.2018	15.02.2018	Credit Agricole	31 721 580 000
27.02.2018	26.10.2019	Kassa-Nova Bank JSC*	610 000 000
Total			104 211 170 000

* - partial redemption