

INFORMATION ON INVESTMENT MANAGEMENT OF PENSION ASSETS OF UAPF JSC

As of February 1, 2024, UAPF pension assets (hereinafter referred to as PA) held in trust by the National Bank of the Republic of Kazakhstan (hereinafter referred to as the NBRK) amounted to KZT18,073.49 bln¹.

The volume of the employer's compulsory pension contributions (hereinafter referred to as ECPC), held in trust by the NBRK, as of the reporting date amounted to KZT766.72 mln.

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

Table 1. Structure of the investment portfolio of UAPF PAs held in trust by the NBRK, by financial instruments

KZT bln

Description	Current Value as of 01.01.2024	Share as of 01.01.2024	Current Value as of 01.02.2024	Share as of 01.02.2024	Increase/Decrease from the beginning of the year
GS MF RK	8,289.48	46.55%	8,458.55	46.80%	2.04%
Foreign GS	22.36	0.13%	24.72	0.14%	10.58%
IFO	359.46	2.02%	360.45	1.99%	0.28%
Corporate bonds of RK issuers	14.01	0.08%	13.97	0.08%	-0.29%
Bonds of quasi-public organizations of RK	1,619.89	9.10%	1,799.28	9.96%	11.07%
Bonds of STB of RK	848.05	4.76%	851.82	4.71%	0.44%
PPN	7.23	0.04%	7.16	0.04%	-1.02%
Shares and depository receipts of RK issuers	350.53	1.97%	334.06	1.85%	-4.70%
Deposits	197.21	1.11%	197.98	1.10%	0.39%
NBRK Deposits	876.66	4.92%	703.51	3.89%	-19.75%
Deposits in foreign banks	-	-	133.97	0.74%	100.00%
Cash in investment accounts	48.34	0.27%	44.02	0.24%	-8.94%
REPO operations	26.71	0.15%	6.06	0.03%	-77.30%
Index asset management, including:	5,146.10	28.90%	5,137.93	28.43%	-0.16%
Assets of developed countries	1,644.24	9.23%	1,615.56	8.94%	-1.74%
Assets of developing countries	1,122.87	6.31%	1,078.63	5.97%	-3.94%
Assets under external management	2,378.99	13.36%	2,443.74	13.52%	2.72%
Total PA under fiduciary management of NBRK	17,806.034	100.00%	18,073.490	100.00%	1.50%
Cash in contribution and benefit payment accounts	38.97		6.20		
Total Pension Assets	17,845.01		18,079.69		1.32%

As of February 01, 2024 the weighted average yield to maturity (YTM) of debt financial instruments in the investment portfolio of PA UAPF amounted to 10.5% per annum, including those denominated in tenge - 11.9% per annum, in foreign currency - 4.8% per annum.

Government securities of the Ministry of Finance of the Republic of Kazakhstan

The main share in the PA UAPF portfolio is occupied by government securities of the Ministry of Finance of the Republic of Kazakhstan, the current value of which during the reporting month increased by KZT169.07 bln and amounted to KZT8,458.55 bln. Their share in the portfolio was 46.80%.

During the reporting period, government securities of the Ministry of Finance of the Republic of Kazakhstan were repaid in the amount of KZT9.52 bln, and part of the government securities of

¹ excluding money in the accounts of pension contributions and benefits.

the Ministry of Finance of the Republic of Kazakhstan denominated in US dollars was sold for a total amount of KZT36.45 bln.

In the period under review, government securities of the Ministry of Finance of the Republic of Kazakhstan were purchased in the amount of KZT196.93 bln at par value with a weighted average yield of 12.15% per annum.

As of the reporting date, the weighted average yield to maturity on government securities of the Ministry of Finance of the Republic of Kazakhstan denominated in tenge was 12.0% per annum, in US dollars - 3.4% per annum.

Government securities of foreign countries in the liquidity sub-portfolio

The current value of government securities of foreign countries in the liquidity sub-portfolio for the reporting month increased by KZT2.37 bln and amounted to KZT24.72 bln. Their share in the portfolio was 0.14%.

During the reporting period, US government securities were repaid in the amount of KZT100.36 bln.

In the period under review, US government securities were purchased in a total volume of KZT101.53 bln with a weighted average yield of 5.32% per annum.

There were no sales of government securities of foreign countries.

The weighted average yield to maturity of government securities of foreign countries in the liquidity sub-portfolio of the currency portfolio of the UAPF PA as of the reporting date amounted to 4.4% per annum.

Bonds of international financial organizations

The current value of bonds of international financial organizations during the reporting month increased by KZT0.99 bln and amounted to KZT360.45 bln. Their share in the portfolio was 1.99%.

During the period under review, there were no purchases, redemptions or sales of securities of international financial organizations.

The weighted average yield to maturity on bonds of international financial organizations denominated in tenge with a fixed interest rate was 9.3% per annum, with an indexed interest rate - inflation and premium.

Deposits in second-tier banks of the Republic of Kazakhstan

The current value of deposits in STBs of the Republic of Kazakhstan, with a weighted average maturity of 0.61 years, during the reporting month increased by KZT0.77 bln and amounted to KZT197.98 bln. Their share in the portfolio was 1.10%.

There were no placements or redemptions of deposits from STBs of the Republic of Kazakhstan.

The weighted average yield on repayment of deposits of STBs of the Republic of Kazakhstan as of the reporting date amounted to 9.2% per annum.

Deposits in the National Bank of the Republic of Kazakhstan

The current value of deposits in the National Bank of the Republic of Kazakhstan as of the reporting date amounted to KZT703.51 bln. Their share in the portfolio was 3.89%.

In the reporting month, as part of current liquidity management in order to maintain return of pension assets, investments were made into deposits of the National Bank of the Republic of Kazakhstan. The average volume of transactions amounted to KZT471.71 bln with an average weighted yield of 14.81% per annum.

Deposits in foreign banks

The current value of deposits in foreign banks as of the reporting date amounted to KZT133.97 bln. Their share in the portfolio was 0.74%.

In the period under review, in order to maintain the profitability of the foreign currency portfolio, a deposit was placed in a foreign bank, denominated in US dollars, in the amount of KZT134.47 bln with a weighted average yield of 5.33% per annum and a maturity of 11 days.

Corporate bonds of issuers of the Republic of Kazakhstan

The current value of corporate bonds of issuers of the Republic of Kazakhstan amounted to KZT13.97 bln. Their share in the portfolio was 0.08%.

During the period under review, there were no purchases, sales or redemptions of corporate bonds of Kazakhstan issuers.

Bonds of quasi-public organizations of the Republic of Kazakhstan

The current value of bonds of quasi-public organizations of the Republic of Kazakhstan for the reporting month increased by KZT179.38 bln and amounted to KZT1,799.28 bln. Their share in the portfolio was 9.96%.

During the reporting period, bonds of Baiterek NMH JSC were purchased in the amount of KZT173.00 bln with a yield of 13% per annum and a circulation period of 15 years.

There were no redemptions or sales of securities of quasi-public organizations of the Republic of Kazakhstan.

As of the reporting date, the weighted average yield to maturity on bonds of quasi-public organizations of the Republic of Kazakhstan denominated in tenge was 11.5% per annum, in US dollars - 5.5% per annum.

Bonds of second-tier banks of the Republic of Kazakhstan

The current value of bonds of STBs of the Republic of Kazakhstan for the reporting month increased by KZT3.77 bln and amounted to KZT851.82 bln. Their share in the portfolio was 4.71%.

During the period under review, there were no purchases, sales or redemptions of bonds of STBs of the Republic of Kazakhstan.

As of the reporting date, the weighted average yield to maturity on bonds of STBs of the Republic of Kazakhstan amounted to 10.6% per annum.

PPN (structured notes) of foreign issuers

The current value of PPN (structured notes) of foreign issuers in the reporting month amounted to KZT7.16 bln. Their share in the portfolio was 0.04%.

There were no sales, redemptions or purchases of PPN (structured notes) by foreign issuers.

Shares and depository receipts of issuers of the Republic of Kazakhstan

The current value of shares and depository receipts of issuers of the Republic of Kazakhstan for the reporting month decreased by KZT16.47 bln and amounted to KZT334.06 bln. Their share in the portfolio was 1.85%.

During the period under review, there were no purchases or sales of shares and depository receipts of RK issuers.

Currency structure

The investment portfolio of financial instruments by currencies in which financial instruments acquired using the pension assets of the UAPF are denominated is presented in Table 2.

In the reporting period, in order to maintain the foreign currency share of pension assets at the level of 30%, 200.00 million US dollars were purchased on the Kazakhstan Stock Exchange to diversify the investment portfolio.

Table 2. Structure of the investment portfolio of PA UAPF, which are in trust management of the NBRK, by currency

Currency	<i>KZT bln</i>				
	Current Value as of 01.01.2024	Share as of 01.01.2024	Current Value as of 01.02.2024	Share as of 01.02.2024	Increase/Decrease from the beginning of the year
National Currency	12,161.38	68.30%	12,366.54	68.42%	1.7%
US dollar	5,639.89	31.67%	5,702.34	31.55%	1.1%
Other currencies	4.76	0.03%	4.61	0.03%	-3.20%

Total:	17,806.03	100.00%	18,073.49	100.0%	1.50%
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Investment results

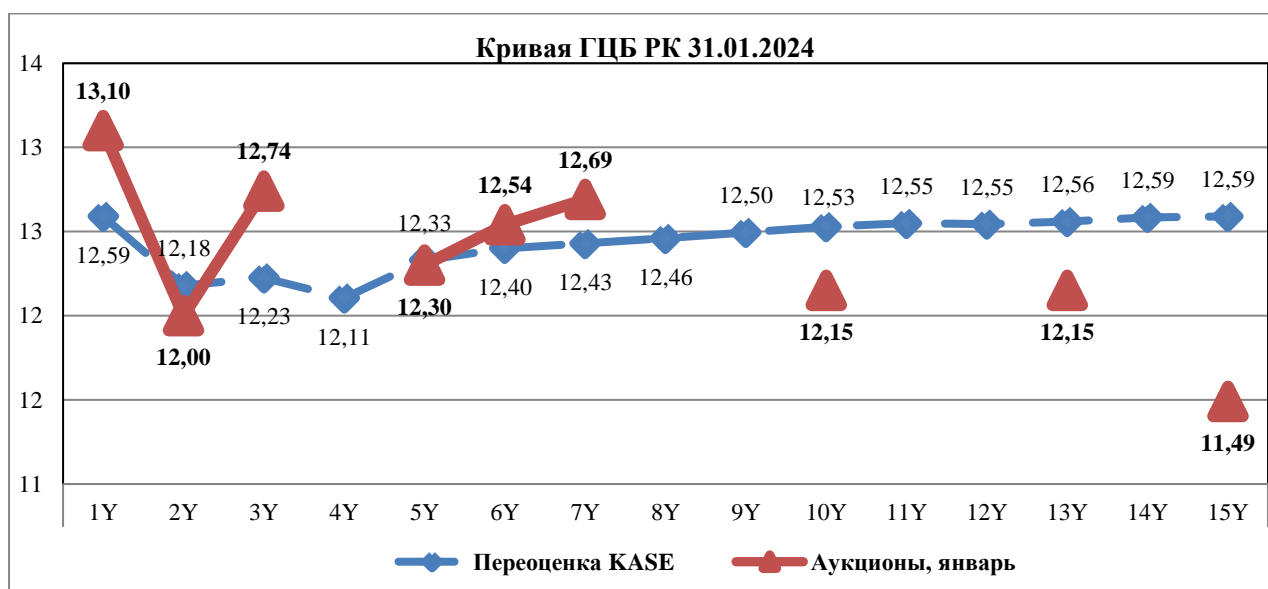
As a result of investment activities, as well as due to the volatility of foreign exchange rates and changes in the market value of financial instruments, the amount of accrued investment income for January 2024 amounted to KZT112.56 bln.

As of February 1, 2024, the return on UAPF pension assets for the last 12 months, distributed to the accounts of contributors (beneficiaries), amounted to 10.30% with inflation of 9.50%. The return on UAPF pension assets distributed to the accounts of contributors (beneficiaries) since the beginning of January amounted to 0.61%.

In January 2024, the US Federal Reserve decided to maintain the base rate at 5.25-5.50%.

As a result, in January the MSCI World stock index increased by 3.6%, and the yield on the benchmark 10-year US Treasury bond increased by 2 bps. Corporate bond spreads showed a slight contraction of 2 bps, while emerging market bond spreads widened by 8 bps.

On placements of government securities of the Republic of Kazakhstan, a decrease in yields was observed against the backdrop of further stabilization of inflation and a decrease in the base rate by 50 bp. up to 15.25%. At the end of January, inflation dropped to 9.5% per annum (9.8% in December) or 0.3% in January (0.8% in December). The average demand at auctions of government securities of the Republic of Kazakhstan exceeded supply by 3 times, which is explained by high demand from the market for placements of government securities of the Republic of Kazakhstan up to 5 years.



The structure of accrued investment income for the specified period is presented in Table 3.

Table 3. Structure of investment income received from PA UAPF, which is in trust management of the National Bank of Kazakhstan

Description	KZT bln
	Investment return for 2024
Income in the form of remuneration on securities, including on placed deposits and reverse REPO transactions and from market revaluation of securities	93.37
Income (loss) from foreign currency revaluation	-45.60
Income (loss) on assets under external management	64.75
Other income (losses)	0.04
Total	112.56

Information on compliance with the investment declaration parameters

The structural distribution of UAPF PA in trust meets the requirements of the UAPF Investment Declaration². Shares of foreign exchange positions remain within the acceptable level and do not violate the requirements of the UAPF Investment Declaration. Information on compliance with investment limits for UAPF PA as of February 1, 2024 is presented in Table 4.

Table 4. UAPF PA Investment limits

No.	Financial Instrument Type	Actual Value (Expressed as Percentage from the PA)	Compliance (Yes/No)
	Cash KZT	0.01%	yes
	Cash in foreign currency	0.37%	yes
1	Kazakhstani issuers:	67.64%	
1.1	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	46.80%	yes
1.1.1	Government securities of the Republic of Kazakhstan issued by local executive bodies of the Republic of Kazakhstan	0.0%	yes
1.2	Deposits of the National Bank of the Republic of Kazakhstan	3.89%	yes
1.3	Securities of the quasi-public sector entities	11.52%	yes
1.4	Financial instruments of second-tier banks of the Republic of Kazakhstan with a rating of a security and / or issuer not lower than “B” according to the international scale of Standard & Poor's agency or a rating of a similar level from one of the other rating agencies. including:	5.26%	yes
1)	Debt securities	4.10%	yes
2)	Equity securities	0.06%	yes
3)	Deposits	1.10%	yes
1.5	Non-government debt securities. with the exception of debt securities of entities of the quasi-public sector and second-tier banks of the Republic of Kazakhstan. having a rating of a security and / or issuer not lower than “B-” according to the international scale of Standard & Poor's or a rating of a similar level of one from other rating agencies	0.00%	yes
1.5.1	Non-government debt securities issued under the guarantee and / or guarantee of the Government of the Republic of Kazakhstan	0.0%	yes
1.6	Non-government equity securities. with the exception of equity securities of quasi-public sector entities and second-tier banks of the Republic of Kazakhstan. included in the first category of the official list of the Kazakhstan Stock Exchange	0.17%	yes
1.7	Islamic finance instruments included in the official list of the Kazakhstan Stock Exchange and / or AIFC Exchange	0.0%	yes
1.8	Securities secured by real estate (MBS) and assets (ABS) with a rating of a security and / or issuer not lower than “BB-” according to the international scale of Standard & Poor's or a rating of a similar level from one of the other rating agencies	0.0%	yes
2	Foreign financial instruments, including instruments traded on foreign financial markets:	30.29%	yes
2.1	Government, agency and securities of international financial organizations with a rating of the security and/or issuer not lower than “BB-” on the international scale of Standard & Poor's or a rating of a similar level by one of the other rating agencies	17.62%	yes
2.2.	Municipal securities as part of investing in government and agency securities	0.0%	yes
2.3	Corporate debt securities with a rating of the security and/or issuer not lower than “BB-” on the international scale of Standard & Poor's or a rating of a similar level by one of the other rating agencies	4.97%	yes
2.4	Securities secured by real estate (MBS) and assets (ABS) with a security and/or issuer rating of at least “BBB-” on the international scale of Standard & Poor's or a rating of a similar level by one of the other rating agencies	0.0%	yes

² The investment declaration of the UAPF was approved by the Resolution of the Board of the National Bank of the Republic of Kazakhstan dated February 24, 2020 No. 10

2.5	Convertible securities as part of an investment in corporate securities with a rating of the security and/or issuer not lower than "BB-" on the international scale of the Standard & Poor's agency or a rating of a similar level by one of the other rating agencies	0.0%	yes
2.6	Shares, depositary receipts for shares	6.93%	yes
2.7	Deposits (contributions) with counterparties having a rating of at least "A-" on the international scale of Standard & Poor's or a rating of a similar level by one of the other rating agencies	0.74%	yes
2.8	Structured products issued by organizations that have a rating of at least "BBB-" on the international scale of Standard & Poor's or a rating of a similar level by one of the other rating agencies	0.04%	yes
2.9	Islamic finance instruments with a rating of at least "BB-" on the international scale of Standard & Poor's or a rating of a similar level by one of the other rating agencies	0.09%	yes

No.	Financial Instrument Type	Actual Value (% of PA)	Performance (Yes / No)
1	Derivative financial instruments, including:	0.00%	yes
1.1	Derivative financial instruments used to hedge investment risk	0.00%	yes
1.2	Derivative financial instruments used for investment purposes	0.00%	yes
1.3	Gold in bars and AU metallic accounts	0.00%	yes

Information on purchases, sales and redemption of financial instruments in the UAPF PA investment portfolio

Table 5. Information on the purchase of financial instruments in the reporting month

Instrument	Currency	Issuer	Nominal value in KZT
GS RK	KZT	Government of RK	196,926,841,999
Bonds	KZT	Bayterek NMH JSC	173,030,010,000
US GS	USD	US Treasury	101,531,250,000
Total			471,488,101,999

Table 6. Information on the sale of financial instruments in the reporting month

Instrument	Currency	Issuer	Transaction in KZT
EuroBonds	USD	Government of RK	36,452,314,811
Total			36,452,314,811

Table 7. Information on repayments of principal debt on securities in the reporting month

Currency	Currency	Issuer	Amount to be repaid in KZT
US GS	USD	US Treasury	100,356,750,000
GS RK	KZT	Government of RK	9,518,834,000
Total			109,875,584,000

Table 8. Information on deposit placements in the reporting month

Instrument	Currency	Issuer	Placement amount in KZT
Deposit	USD	Credit Agricole CIB Hongkong Branch	134,472,260,000
Total			134,472,260,000