

INFORMATION ON INVESTMENT MANAGEMENT OF PENSION ASSETS OF UAPF JSC BY NBRK

As of September 1, 2024, UAPF pension assets¹ (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 KZT20,698.49 bln².

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

Description	Current Value as of 01.01.2024	Share as of 01.01.2024	Current Value as of 01.09.2024	Share as of 01.09.2024	Increase/Decrease from the beginning of the year
GS MF RK	8,289.48	46.55%	8,885.52	42.93%	7.19%
Foreign GS	22.36	0.13%	1,019.55	4.93%	4,459.97%
IFO	359.46	2.02%	345.20	1.67%	-3.97%
Corporate bonds of RK issuers	14.01	0.08%	13.43	0.06%	-4.15%
Bonds of quasi-public organizations of RK	1,619.89	9.10%	1,937.89	9.36%	19.63%
Bonds of STB of RK	848.05	4.76%	894.65	4.32%	5.49%
PPN	7.23	0.04%	7.86	0.04%	8.65%
Shares and depository receipts of RK issuers	350.53	1.97%	387.89	1.87%	10.66%
Deposits	197.21	1.11%	150.94	0.73%	-23.46%
NBRK Deposits	876.66	4.92%	18.81	0.09%	-97.85%
Cash in investment accounts	48.34	0.27%	2.70	0.01%	-94.41%
REPO	26.71	0.15%	452.65	2.19%	1594.91%
Index asset management, including:	5,146.10	28.90%	6,581.39	31.80%	27.89%
Assets of developed countries	1,644.24	9.23%	1,807.70	8.73%	9.94%
Assets of developing countries	1,122.87	6.31%	1,273.41	6.15%	13.41%
assets under external management	2,378.99	13.36%	3,500.27	16.91%	47.13%
under the emerging market bond mandate:					
Aviva Investors Global Services Limited	173.41	0.97%	242.43	1.17%	39.80%
by mandate of global shares:					
Invesco Asset Management Deutschland GmbH	170.5	0.96%	301.43	1.46%	76.79%
HSBC Global Asset Management (UK) Limited	311.96	1.75%	472.20	2.28%	51.37%
UBS Asset Management (UK) Ltd	226.16	1.27%	361.45	1.75%	59.82%
Blackrock Financial Management	176.62	0.99%	288.16	1.39%	63.15%
BlackRock Investment Management	116.41	0.65%	199.70	0.96%	71.55%
Robeco Institutional Asset Management B.V.	219.38	1.23%	307.02	1.48%	39.95%
under mandate of investment grade corporate bonds:					
Principal Global Investors (Europe) Limited	489.75	2.75%	549.70	2.66%	12.24%
PGIM Limited	494.79	2.78%	559.08	2.70%	12.99%
PIMCO Asia Pte Ltd	-	-	219.12	1.06%	100.00%
Total PA under fiduciary management of NBRK	17,806.03	100.00%	20,698.49	100.00%	16.24%
Cash in contribution and benefit payment accounts	38.97		6.25		
Total Pension Assets	17 845.01		20 704.74		16.03%

¹ formed from compulsory pension contributions, compulsory occupational pension contributions and voluntary pension contributions

² excluding money in the accounts of pension contributions and benefits.

As of September 01, 2024, the weighted average yield to maturity (YTM) of debt financial instruments in the investment portfolio of the UAPF PA amounted to 9.72% per annum, including 11.46% per annum for those denominated in tenge, and 4.52% per annum for those denominated in foreign currency.

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

The main share in the portfolio of the UAPF PA is occupied by government securities of the Ministry of Finance of the Republic of Kazakhstan, the current value of which increased by KZT42.59 bln during the reporting month and amounted to KZT8,885.52 bln. Their share in the portfolio was 42.93%.

In the period under review, there were no purchases or sales of securities of the Ministry of Finance of the Republic of Kazakhstan.

In the reporting month, government securities of the Republic of Kazakhstan were redeemed in the amount of KZT109.80 bln.

As of the reporting date, the average weighted yield to maturity on government securities of the Ministry of Finance of the Republic of Kazakhstan amounted to 11.70% per annum.

Government securities of foreign countries in the liquidity sub-portfolio

The current value of foreign government securities in the liquidity sub-portfolio increased by KZT134.35 bln during the reporting month and amounted to KZT1,019.55 bln. Their share in the portfolio was 4.93%.

In the period under review, US government securities were purchased in the amount of KZT433.30 bln at par value with a weighted average yield of 5.27% per annum.

In the reporting month, US government securities were redeemed in the amount of KZT312.36 bln. There were no sales of foreign government securities in the reporting period.

The weighted average yield to maturity of foreign government securities in the liquidity sub-portfolio of the currency portfolio of the UAPF PA as of the reporting date was 4.53% per annum.

IFO bonds

The current value of bonds of international financial organizations for the reporting month decreased by KZT0.51 bln and amounted to KZT345.20 bln. Their share in the portfolio was 1.67%.

There were no purchases, sales or redemptions of securities of international financial organizations.

The average weighted yield to maturity on bonds of international financial organizations denominated in tenge, with a fixed interest rate, amounted to 12.59% 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 STB RK with an average weighted maturity of 0.14 years decreased by KZT30.01 bln during the reporting month and amounted to KZT150.94 bln. Their share in the portfolio was 0.73%.

There were no repayments or placements of STB RK deposits in the reporting month.

The average weighted yield to maturity of STB RK deposits as of the reporting date was 9.30% 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 was KZT18.81 bln. Their share in the portfolio was 0.09%.

In the reporting month, as part of current liquidity management in order to maintain the profitability of pension assets, investments were made in deposits of the National Bank of the Republic of Kazakhstan. The average volume of transactions amounted to KZT38.10 bln with an average weighted yield of 13.25% per annum.

Corporate bonds of issuers of the Republic of Kazakhstan

The current value of corporate bonds of issuers of the Republic of Kazakhstan amounted to KZT13.43 bln. Their share in the portfolio amounted to 0.06%.

There were no purchases, sales or redemptions of corporate bonds of issuers of the Republic of Kazakhstan in the period under review.

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 decreased by KZT5.82 bln and amounted to KZT1,937.89 bln. Their share in the portfolio amounted to 9.36%.

There were no purchases, sales or redemptions of securities of quasi-public organizations of the Republic of Kazakhstan in the period under review.

As of the reporting date, the average weighted yield to maturity on bonds of quasi-public organizations of the Republic of Kazakhstan denominated in tenge amounted to 11.05% per annum, in US dollars - 5.49% per annum.

Bonds of second-tier banks of the Republic of Kazakhstan

The current value of bonds of STB RK for the reporting month decreased by KZT7.18 bln and amounted to KZT894.65 bln. Their share in the portfolio was 4.32%.

In the period under review, there were no purchases, sales or redemptions of bonds of STB RK.

As of the reporting date, the average weighted yield to maturity on bonds of STB RK was 10.68% per annum.

PPN (structured notes) of foreign issuers

The current value of PPN (structured notes) of foreign issuers in the reporting month was KZT7.86 bln. Their share in the portfolio was 0.04%.

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

Shares and depositary receipts of issuers of the Republic of Kazakhstan

The current value of shares and depositary receipts of issuers of the Republic of Kazakhstan for the reporting month increased by KZT28.71 bln and amounted to KZT387.89 bln. Their share in the portfolio amounted to 1.87%.

In the period under review, there were no purchases and sales of shares and depositary receipts of issuers of the Republic of Kazakhstan.

Currency structure

The investment portfolio of financial instruments by currencies in which the 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 30% for the diversification of the investment portfolio, USD233.00 mln were purchased on the Kazakhstan Stock Exchange.

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 01.09.2024	Share as of 01.09.2024	Increase/Decrease from the beginning of the year
National Currency	12,161.38	68.30%	12,827.21	61.97%	5.47%
US dollar	5,639.89	31.67%	7,870.29	38.02%	39.55%
Other currencies	4.76	0.03%	0.98	0.005%	-79.38%
Total:	17,806.03	100.00%	20,698.49	100.00%	16.24%

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 since the beginning of 2024 amounted to KZT1.95 trln.

As of September 1, 2024, the return on UAPF pension assets over the past 12 months, distributed to the accounts of contributors (beneficiaries), amounted to 13.79% with inflation at the rate of 8.40%. The return on UAPF pension assets distributed to the accounts of contributors (beneficiaries) since the beginning of 2024 amounted to 10.34%.

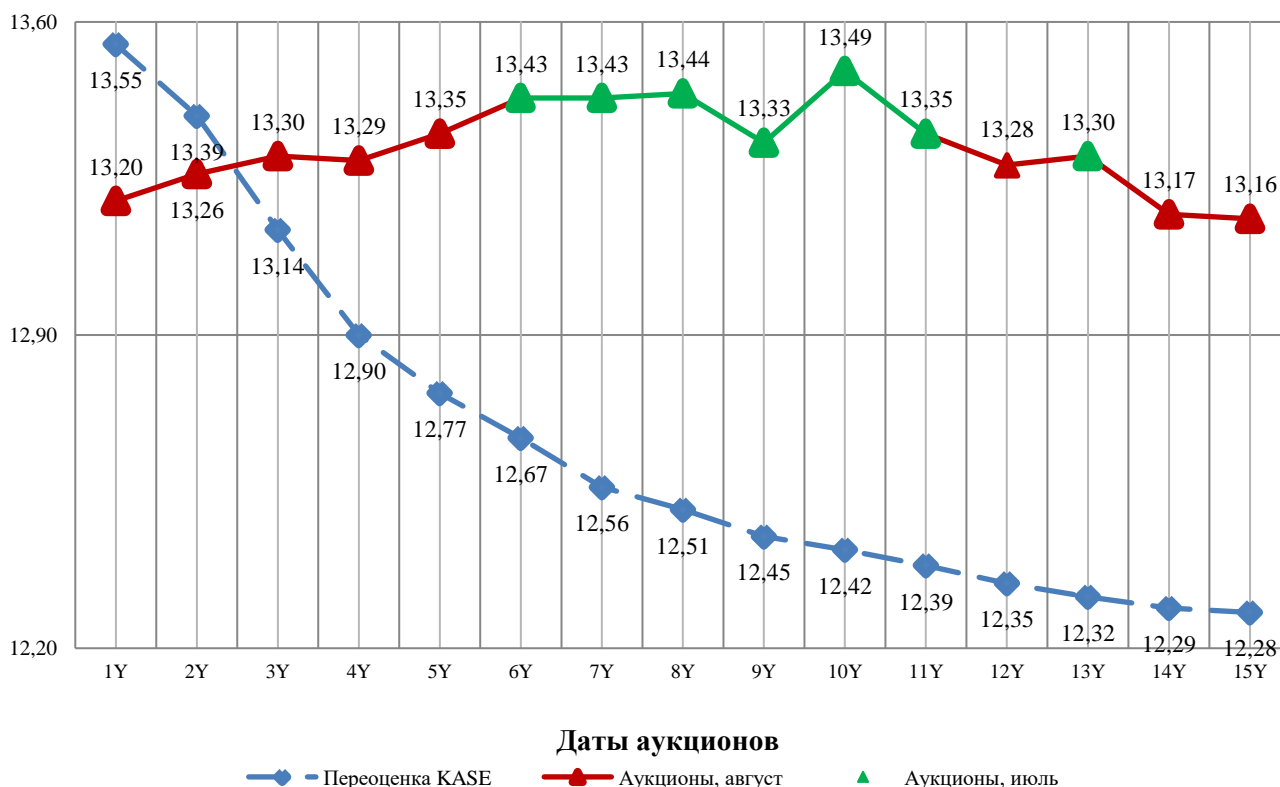
In August 2024, market expectations for a reduction in the US base rate increased against the backdrop of a slowdown in inflation in the US and a "cooling" of the labor market. Thus, according to market expectations, four reductions in the US base rate are predicted by the end of 2024 instead of three a month earlier. In July, inflation in the US rose to 0.2% (-0.1% in June), but fell to 2.9% per annum (3.0% in June). At the same time, representatives of the US Federal Reserve are open to the start of a cycle of rate cuts in September 2024.

In this regard, the yield on benchmark 10-year US Treasury bonds decreased by 13 bps in August. Spreads on emerging market bonds narrowed by 9 bps, while spreads on corporate bonds changed slightly. At the same time, the MSCI World stock index rose by 2.5%.

At auctions for the placement of GS of the Republic of Kazakhstan in August, a slight decrease in yields was observed across the curve against the NBRK decision to maintain the base rate at 14.25%. At the same time, inflation slowed to 8.4% per annum (8.6% in July) or 0.6% in August (0.7% in July). Average demand at auctions of GS of the Republic of Kazakhstan exceeded supply by 2.6 times, where the main demand was concentrated on short-term placements of GS of the Republic of Kazakhstan.

At the same time, there is a decrease in the volume of borrowing by the MFRK from 1.03 trillion tenge in July to 330 billion tenge in August.

Curve of the Government Securities of the Republic of Kazakhstan 29.08.2024



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

KZT bln

Description	Investment income in 2024
Income in the form of remuneration on securities, including on placed deposits and reverse REPO transactions and from market revaluation of securities	1,036.01
Income (loss) from market revaluation of securities	132.87
Income (loss) from foreign currency revaluation	232.17
Income (loss) on assets under external management	543.44
Other income (losses)	1.57
Total	1,946.06

The structural distribution of UAPF PA in trust meets the requirements of the UAPF Investment Declaration³. 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 September 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	0.10%	yes
1	Kazakhstani issuers:	58.93%	
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	42.93%	yes
1.1.1	Government securities of the Republic of Kazakhstan issued by local executive bodies of the Republic of Kazakhstan	0.00%	yes
1.2	Deposits of the National Bank of the Republic of Kazakhstan	0.09%	yes
1.3	Securities of the quasi-public sector entities	10.78%	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:	4.81%	yes
1)	Debt securities	4.01%	yes
2)	Equity securities	0.08%	yes
3)	Deposits	0.73%	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	0.00%	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	0.31%	yes
1.7	Islamic finance instruments included in the official list of the Kazakhstan Stock Exchange and / or AIFC Exchange	0.00%	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	0.00%	yes
2	Foreign financial instruments, including instruments traded on foreign financial markets:	37.55%	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	22.19%	yes

³ 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

2.2.	Municipal securities as part of investing in government and agency securities	0.00%	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	6.28%	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	0.00%	yes
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	0.00%	yes
2.6	Shares, depositary receipts for shares	9.04%	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	0.00%	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	0.48%	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
US GS	USD	US Treasury	433,304,340,000
Total			433,304,340,000

Table 6. Information on repayments of principal debt on securities in the reporting month

Instrument	Currency	Issuer	Amount to be repaid in tenge
US GS	USD	US Treasury	312,363,840,000
RK GS	KZT	RK Government	109,800,000,000
Total			422,163,840,000