

INFORMATION ON INVESTMENT MANAGEMENT OF PENSION ASSETS OF UAPF JSC

As of April 1, 2023, 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 KZT15,391.36 bln¹.

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 NBK, by financial instruments
KZT bln

Description	Current Value as of 01.01.2023	Share as of 01.01.2023	Current Value as of 01.04.2023	Share as of 01.04.2023	Increase/Decrease from the beginning of the year
Government securities of MF RK	7,270.16	49.72%	7,268.41	47.22%	-0.02%
Foreign government securities	812.16	5.55%	867.86	5.64%	6.86%
IFO	370.94	2.54%	378.58	2.46%	2.06%
Corporate bonds of RK issuers	16.25	0.11%	15.34	0.10%	-5.60%
Bonds of quasi-public organizations of RK	1,666.98	11.40%	1,697.21	11.03%	1.81%
Bonds of second tier banks of RK	945.94	6.47%	891.15	5.79%	-5.79%
Corporate bonds of foreign issuers	5.51	0.04%	5.18	0.03%	-5.85%
PPN	9.47	0.06%	9.71	0.06%	2.51%
Shares and depository receipts of RK issuers	246.54	1.69%	257.95	1.68%	4.63%
Deposits	200.39	1.37%	197.09	1.28%	-1.65%
NBRK Deposits	80.34	0.55%	525.61	3.41%	554.27%
Cash in investment accounts	22.69	0.16%	18.34	0.12%	-19.16%
REPO			110.04	0.71%	100.00%
Other assets (accounts receivable, overdue debt, provisions)	2.06	0.01%	0.00	0.00%	-100.00%
Index asset management, including:	2,972.49	20.33%	3,148.89	20.46%	5.93%
Government securities of developed countries	1,069.24	7.31%	1,071.41	6.96%	0.20%
Government securities of developing countries	547.83	3.75%	568.43	3.69%	3.76%
Assets under external management	1,355.43	9.27%	1,509.05	9.80%	11.33%
Total PA under fiduciary management of NBRK	14,621.89	100.00%	15,391.36	100.00%	5.26%
Obligations payable on completed transactions					
Cash on contribution and benefit payment accounts	37.07		5.04		
Total Pension Assets	14,658.96		15,396.40		5.03%

As of April 01, 2023 the weighted average yield to maturity (YTM) of debt financial instruments in the investment portfolio of UAPF PA was 11.2% per annum, including 12.8% per annum on those denominated in tenge and 4.6% per annum in foreign currency.

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

Government securities of the Ministry of Finances of the Republic of Kazakhstan

The main share in the UAPF PA portfolio is occupied by government securities of the Ministry of Finance of the Republic of Kazakhstan, the current value of which for the reporting month increased by KZT27.52 bln and amounted to KZT7,268.41 bln. Their share in the portfolio was 47.22%.

In the period under review, government securities of the Ministry of Finance of the Republic of Kazakhstan were purchased in the amount of KZT113.00 bln at face value with a weighted average yield of 14.56% per annum. There were no sales and redemptions of government securities of the Ministry of Finance of the Republic of Kazakhstan.

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, amounted to 13.0% per annum, in US dollars - 3.4% per annum.

Foreign government securities in the liquidity sub-portfolio

The current value of government securities of foreign states in the liquidity sub-portfolio for the reporting month increased by KZT123.95 bln and amounted to KZT867.86 bln. Their share in the portfolio was 5.64%.

In the reporting period, the US government securities were redeemed in the amount of KZT34.49 bln.

In the period under review, US government securities were purchased in the amount of KZT147.26 bln with an average weighted yield of 4.87% per annum. There were no sales of government securities of foreign states.

The weighted average yield to maturity of government securities of foreign states in the liquidity sub-portfolio of the currency portfolio of UAPF PA as of the reporting date was 5.3% per annum.

IFO bonds

The current value of bonds of international financial organizations for the reporting month increased by KZT5.96 bln and amounted to KZT378.58 bln. Their share in the portfolio was 2.46%.

There were no purchases, redemptions and sales of securities of international financial organizations in the period under review.

The weighted average yield to maturity on bonds of international financial organizations denominated in tenge with a fixed interest rate was 9.5% 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 an average weighted maturity of 1.45 years, decreased by KZT4.00 bln for the reporting month and amounted to KZT197.09 bln. Their share in the portfolio was 1.28%.

There were no placements and repayments of deposits of STBs of the Republic of Kazakhstan.

The weighted average yield to maturity of deposits of STBs of the Republic of Kazakhstan as of the reporting date was 9.1% per annum.

Deposits in the National Bank of the Republic of Kazakhstan

The current value of deposits with the National Bank of the Republic of Kazakhstan as of the reporting date amounted to KZT525.61 bln. Their share in the portfolio was 3.41%.

In the reporting month, within the framework of current liquidity management in order to maintain return on pension assets, investments were made in deposits of the National Bank of the Republic of Kazakhstan. The average volume of transactions amounted to KZT294.28 bln with an average weighted yield of 15.98% per annum.

Corporate bonds of issuers of the Republic of Kazakhstan

The current value of corporate bonds of RK issuers for the reporting month decreased by KZT0.32 bln and amounted to KZT15.34 bln. Their share in the portfolio was 0.10%.

In the period under review, there were no purchases, sales and redemptions of corporate bonds of RK 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 KZT12.79 bln and amounted to KZT1,697.21 bln. Their share in the portfolio was 11.03%.

There were no purchases, redemptions and 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, amounted to 11.0% 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 second-tier banks of the Republic of Kazakhstan for the reporting month decreased by KZT1.81 bln and amounted to KZT891.15 bln. Their share in the portfolio was 5.79%.

In the reporting period, in accordance with the maturity date set in the prospectus, the principal debt on the bonds of Bank CenterCredit JSC and First Heartland Jusan Bank JSC was repaid for a total of KZT36.90 bln. There were no sales or purchases of bonds of second-tier banks of the Republic of Kazakhstan.

As of the reporting date, the weighted average yield to maturity on bonds of second-tier banks of the Republic of Kazakhstan amounted to 10.8% per annum.

Foreign corporate bonds in the liquidity sub-portfolio

The current value of corporate bonds of foreign issuers amounted to KZT5.18 bln. Their share in the portfolio was 0.03%.

There were no purchases, sales or redemptions of corporate bonds of foreign issuers.

The weighted average yield to maturity of corporate bonds of foreign issuers in the UAPF PA portfolio as of the reporting date was 8.7% per annum.

PPN (structural notes) of foreign issuers

The current value of PPN (structured notes) of foreign issuers in the reporting month amounted to KZT9.71 bln. Their share in the portfolio was 0.06%.

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

Shares and depositary receipts of issuers of the Republic of Kazakhstan

The current value of shares and depositary receipts of RK issuers for the reporting month increased by KZT7.44 bln and amounted to KZT257.95 bln. Their share in the portfolio was 1.68%.

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

Currency structure

The investment portfolio of financial instruments, broken down by currencies in which financial instruments are denominated, acquired at the expense of UAPF pension assets, is presented in Table 2.

In the reporting period, in order to maintain the currency share of pension assets at the level of 30%, in order to diversify the investment portfolio, 231.50 million US dollars were purchased on the Kazakhstan Stock Exchange.

Table 2. Structure of the investment portfolio of UAPF PAs held in trust by the NBRK, by currency

KZT bln

Currency	Current Value as of 01.01.2023	Share as of 01.01.2023	Current Value as of 01.04.2023	Share as of 01.04.2023	Increase/Decrease from the beginning of the year
National Currency	10,467.94	71.59%	11,013.20	71.55%	5.21%
US dollar	4,146.13	28.36%	4,370.34	28.39%	5.41%
Other currencies	7.82	0.05%	7.82	0.05%	0.04%
Total:	14,621.89	100.00%	15,391.36	100.00%	5.26%

Investment Results

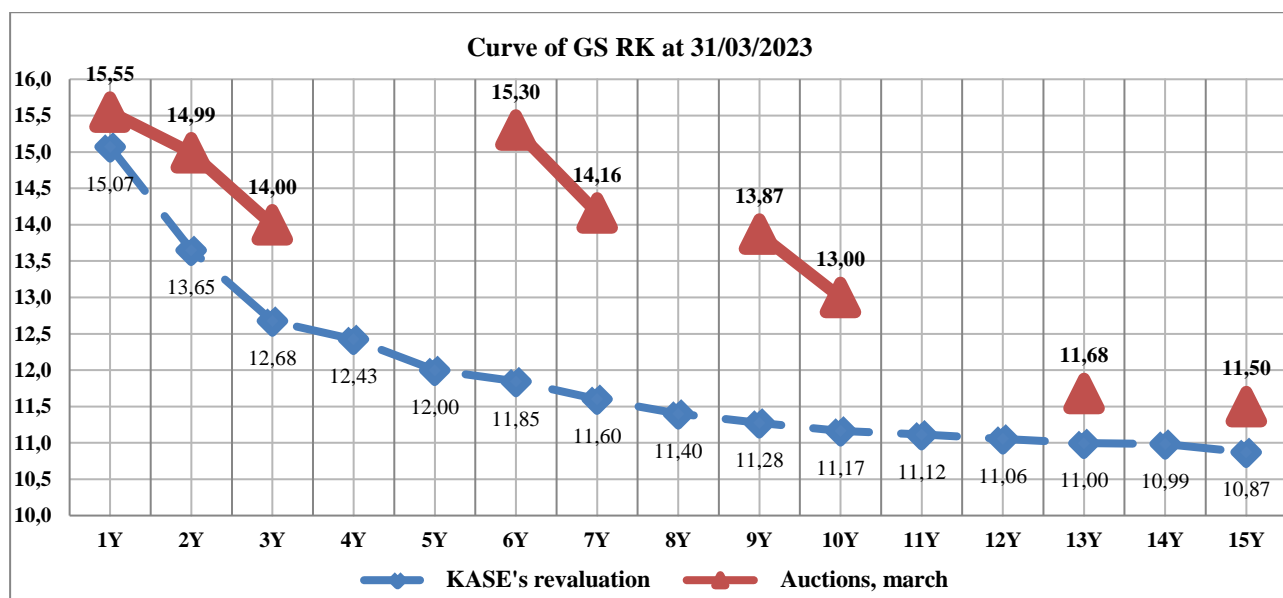
As a result of investment activities, as well as due to the volatility of foreign exchange rates and changes in the market value of financial instruments, the amount of accrued investment income since the beginning of 2023 amounted to KZT345.67 bln.

The return on UAPF pension assets distributed to the accounts of contributors (beneficiaries) from the beginning of 2023 amounted to 2.26% with inflation of 3.20%.

The main driver in foreign markets in March this year. became a question of the stability of the banking system in the US and the Eurozone. Prompt actions by regulators and central banks have restored relative calm in the markets, but the emerging banking crisis has led to a significant reassessment of expectations regarding the trajectory of the US Federal Reserve's monetary policy. Despite this, at the March meeting of the US Federal Reserve, a decision was made to raise the rate by 25 bp. to the level of 4.75-5.00%, and a signal was given for a possible further tightening of monetary conditions.

According to the results of March this year. the benchmark 10-year US Treasury yield fell 45 bp. to 3.47%, while the MSCI World stock index rose by 2.8%, which had a positive effect on the profitability of foreign exchange assets. However, the strengthening of the tenge against the US dollar since the beginning of the year had a negative impact on the profitability of pension assets in 2023, despite the positive effect from the growth in the value of foreign exchange assets.

There was an increased demand for GS placements. The median demand for supply at GS auctions grew up to 2.61 times compared to the median demand in February this year. 2.23 times. At the same time, at placements with maturities of up to 5 years, demand exceeded supply by 3.8-7.7 times. Against the backdrop of increased demand for government securities placements and a decrease in inflation in March this year, government securities yields at the near end of the curve decreased by 100-165 bp. At the same time, the yields of government securities in the long-term sector slightly increased, which had a negative impact on the revaluation of government securities in the portfolio of pension assets of the UAPF in March this year.



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

Table 3. Structure of investment income received from UAPF PAs held in trust by the NBRK

KZT bln

Description	Investment return of 2023
Income in the form of remuneration on securities, including on placed deposits and reverse REPO transactions and from market revaluation of securities	435.62
Income (loss) from foreign currency revaluation	-64.89
Income (loss) on assets under external management	-26.35
Other income (losses)	1.29
Total	345.67

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 April 1, 2023 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	0.02%	yes
	Cash in foreign currency	0.72%	yes
1	Kazakhstani issuers:	69.80%	
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	47.22%	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	3.41%	yes
1.3	Securities of the quasi-public sector entities	12.42%	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:	6.58%	yes
1)	Debt securities	5.26%	yes
2)	Equity securities	0.05%	yes
3)	Deposits	1.28%	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	0.16%	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 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	Foreign issuers:	27.75%	yes
2.1	Securities of Government agencies and of international financial organizations 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	18.62%	yes
2.2.	Municipal securities as part of investing in government and agent securities	0.0%	yes
2.3	Corporate debt securities 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	3.86%	yes
2.4	Securities secured by real estate (MBS) and assets (ABS) with a rating of a security and / or issuer not lower than "BBB-" 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
2.5	Convertible securities as part of investing in corporate securities with a rating of a security and / or issuer not lower than "BB-" according to the international standard agency "Standard & Poor's" rating or a rating of a similar level from one of the other rating agencies	0.0%	yes
2.6	Shares, depository receipts for shares	5.22%	yes
2.7	Deposits in foreign banks with a rating not lower than "A-" 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
2.8	Structural products issued by organizations with a rating of at least BBB- on the international scale of Standard & Poor's or a rating of a similar level from one of the other rating agencies	0.06%	yes
2.9	Islamic finance instruments with a rating of at least "BB-" according to the international scale of the Standard & Poor's agency or a rating of a similar level from one of the other rating agencies	0.11%	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 Government	147,263,400,000
GS RK	KZT	Government of RK	113,000,000,000
Total			260,263,400,000

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

Instrument	Currency	Issuer	Amount due in KZT
Bonds of STB RK	KZT	First Heartland Jusan Bank JSC	36,899,483,800
US GS	USD	US Government	34,486,400,000
Bonds of STB RK	USD	CenterCreditBank JSC	263,142
Total			71,386,146,942