

**INFORMATION ON INVESTMENT MANAGEMENT
OF PENSION ASSETS OF UAPF JSC**

As of June 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 KZT15,833.03 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 NBRK, by financial instruments
KZT bln

Description	Current Value as of 01.01.2023	Share as of 01.01.2023	Current Value as of 01.06.2023	Share as of 01.06.2023	Increase/Decrease from the beginning of the year
GS MF RK	7,270.16	49.72%	7,434.44	46.96%	2.26%
Foreign GS	812.16	5.55%	744.27	4.70%	-8.36%
IFO	370.94	2.54%	377.21	2.38%	1.69%
Corporate bonds of RK issuers	16.25	0.11%	15.87	0.10%	-2.39%
Bonds of quasi- public organizations of RK	1,666.98	11.40%	1,697.24	10.72%	1.82%
Bonds of second tier banks of RK	945.94	6.47%	899.81	5.68%	-4.88%
Corporate bonds of foreign issuers	5.51	0.04%	5.03	0.03%	-8.58%
PPN	9.47	0.06%	9.57	0.06%	1.07%
Shares and depository receipts of RK issuers	246.54	1.69%	247.04	1.56%	0.20%
Deposits	200.39	1.37%	198.89	1.26%	-0.75%
NBRK Deposits	80.34	0.55%	676.02	4.27%	741.50%
Cash in investment accounts	22.69	0.16%	133.98	0.85%	490.60%
REPO	-	-			
Other assets (accounts receivable, arrears, provisions)	2.06	0.01%	0.00	0.00%	-100.00%
Index asset management, including:	2,972.49	20.33%	3,393.66	21.43%	14.17%
Government securities of developed countries	1,069.24	7.31%	1,134.95	7.17%	6.15%
Government securities of developing countries	547.83	3.75%	604.97	3.82%	10.43%
Assets under external management	1,355.43	9.27%	1,653.74	10.44%	22.01%
Total PA under fiduciary management of NBRK	14,621.89	100.00%	15,833.03	100.00%	8.28%
Cash on contribution and benefit payment accounts	37.07		4.59		
Total Pension Assets	14,658.96		15,837.62		8.04%

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

As of June 01, 2023 the weighted average yield to maturity (YTM) of debt financial instruments in the investment portfolio of UAPF PA was 11.1% per annum, including 12.6% per annum on those denominated in tenge and 4.8% per annum in foreign currency.

Government securities of the Ministry of Finance 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 increased by KZT10.21 bln over the reporting month and amounted to KZT7,434.44 bln. Their share in the portfolio was 46.96%.

In the reporting period, the government securities of the Ministry of Finance of the Republic of Kazakhstan were redeemed in the amount of KZT37.45 bln.

In the period under review, government securities of the Ministry of Finance of the Republic of Kazakhstan were purchased in the amount of KZT106.00 bln at face value with a weighted average yield of 12.89% APR. There were no sales 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 12.8% per annum, in US dollars - 3.4% per annum.

Government securities of foreign states 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 KZT23.16 bln and amounted to KZT744.27 bln. Their share in the portfolio was 4.70%.

In the reporting period, US GS were redeemed in the amount of KZT349.02 bln, and US GS were sold in the amount of KZT67.02 bln.

In the period under review, government securities of foreign states were purchased in the total volume of KZT448.22 bln with a weighted average yield of 5.14% APR. There were no sales of foreign government securities.

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 5.4% per annum.

IFP bonds

The current value of bonds of international financial organizations for the reporting month decreased by KZT3.76 bln and amounted to KZT377.21 bln. Their share in the portfolio was 2.38%.

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 1.28 years increased by KZT0.34 bln over the reporting month and amounted to KZT198.89 bln. Their share in the portfolio was 1.26%.

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 RK

The current value of deposits with the National Bank of the Republic of Kazakhstan as of the reporting date amounted to KZT676.02 bln. Their share in the portfolio was 4.27%.

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 deals amounted to KZT353.74 bln with an average weighted yield of 15.98% APR.

Corporate bonds of issuers of the Republic of Kazakhstan

The current value of corporate bonds of RK issuers for the reporting month increased by KZT0.32 bln and amounted to KZT15.87 bln. Their share in the portfolio was 0.10%.

There were no purchases, sales and redemptions of corporate bonds of RK issuers 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 KZT4.00 bln and amounted to KZT1 697.24 bln. Their share in the portfolio was 10.72%.

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, was 11.3% 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 increased by KZT5.16 bln and amounted to KZT 899.81 bln. Their share in the portfolio was 5.68%.

In the reporting period, there were no purchases, redemptions and sales 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 10.7% per annum.

Corporate bonds of foreign issuers in the liquidity sub-portfolio

The current value of corporate bonds of foreign issuers amounted to KZT5.03 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 9.8% per annum.

PPN

The current value of PPN (structured notes) of foreign issuers in the reporting month amounted to KZT9.57 bln. Their share in the portfolio was 0.06%.

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

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 decreased by KZT24.25 bln and amounted to KZT247.04 bln. Their share in the portfolio was 1.56%.

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, USD240.00 million were purchased at the Kazakhstan Stock Exchange.

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

Currency	Current Value as of 01.01.2023	Share as of 01.01.2023	Current Value as of 01.06.2023	Share as of 01.06.2023	Increase/Decrease from the beginning of the year
National Currency	10,467.94	71.59%	11,232.98	70.95%	7.31%
US dollar	4,146.13	28.36%	4,592.52	29.01%	10.77%
Other currencies	7.82	0.05%	7.54	0.05%	-3.59%
Total:	14,621.89	100.00%	15,833.03	100.00%	8.28%

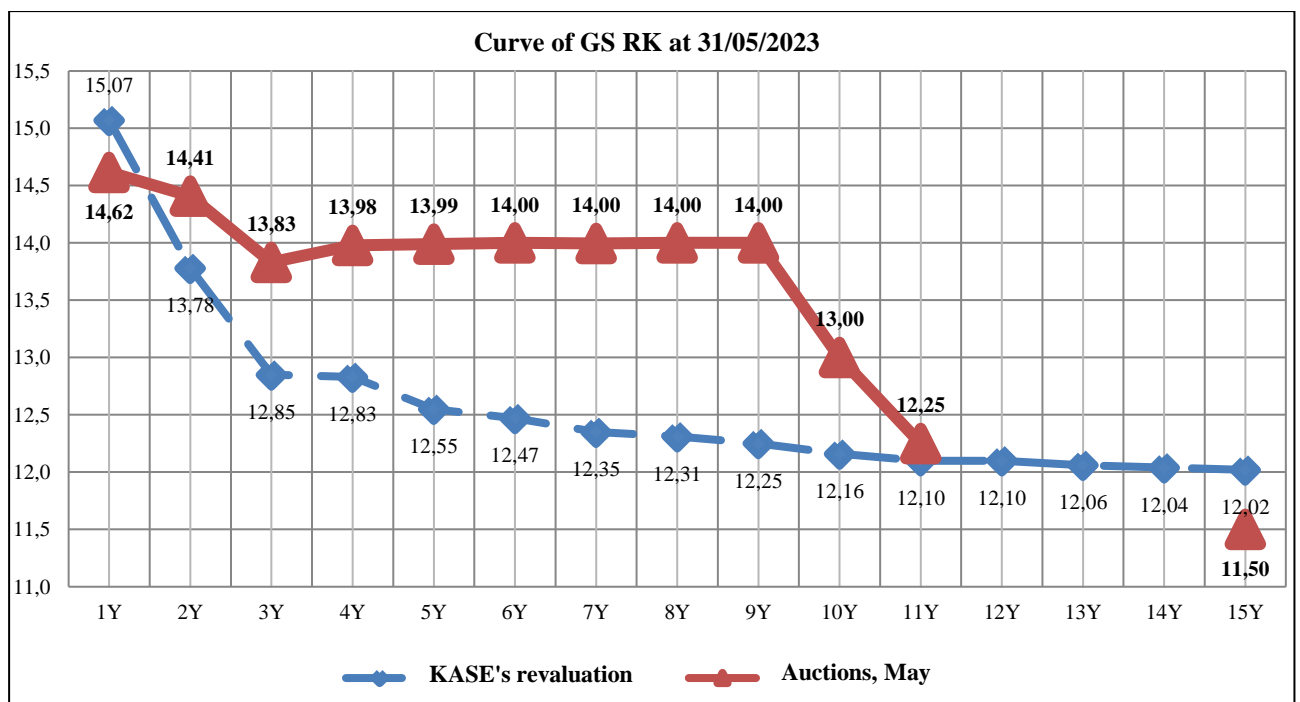
Investment results

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 KZT508.06 bln.

The return on UAPF pension assets distributed to the accounts of contributors (beneficiaries) from the beginning of 2023 amounted to 3.30% with inflation of 4.80%.

May 2023 was marked by a noticeable reassessment of expectations on the future trajectory of the US monetary policy in global markets. The release of strong data on the labor market, along with signs of inflation resilience in the United States, raised investor forecasts for the final level of the key rate, while reducing the likelihood of its reduction in the second half of 2023. If at the beginning of May it was expected that the cycle of raising the US Fed rate came to an end, then by the end of May another increase before the end of the year began to be discussed. An additional factor of volatility in the global financial markets was the issue of approval by the US Congress to raise the ceiling of the state debt, which was resolved only by the end of the month. As a result, the MSCI World stock index fell 1.2% on the month, while the benchmark 10-year US Treasury yield rose 22 bps.

On placements of government securities of the Republic of Kazakhstan, increased demand remained, as well as a slight decrease in yields at the near end against the backdrop of a slowdown in inflation. In May inflation rose by 0.6% (0.9% in April) or 15.9% in annual terms (16.8% in April). Median demand at GS auctions exceeded supply by 1.8 times. At the same time, active demand was observed along the entire government securities curve, including medium-term and long-term securities. At placements of government securities with maturities of 5-8 years, demand exceeded supply by an average of 2 times, over 10 years - by 1.5 times.



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	564.07
Income (loss) from foreign currency revaluation	-86.62
Income (loss) on assets under external management	28.53
Other income (losses)	2.09
Total	508.06

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 June 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	1.12%	yes
1	Kazakhstani issuers:	69.85%	
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	46.96%	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	4.27%	yes
1.3	Securities of the quasi-public sector entities	11.99%	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:	6.47%	yes
1)	Debt securities	5.16%	yes
2)	Equity securities	0.05%	yes
3)	Deposits	1.26%	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

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

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 issuers:	27.71%	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	18.25%	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	3.84%	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	5.56%	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	384,852,850,000
RK GS	KZT	Government of RK	106,000,000,000
GS of Qatar	USD	Government of Qatar	22,483,500,000
GS of the Republic of Romania	USD	Government of the Republic of Romania	18,595,470,000
GS of the Republic of Indonesia	USD	Government of the Republic of Indonesia	17,805,334,000
GS of the Republic of Philippines	USD	Government of the Republic of Philippines	4,482,350,000
Total			554,219,504,000

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

Instrument	Currency	Issuer	Amount due in KZT
US GS	USD	US Government	349,024,270,000
RK GS	KZT	Government of RK	37,451,000,000
Total			386,475,270,000

Table 7. Information on the sale of financial instruments in the reporting month

Instrument	Currency	Issuer	Transaction amount in KZT
Bonds	USD	US Government	67,018,028,222
Total			67,018,028,222