

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

As of July 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 KZT19,838.39 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

KZT bln

Description	Current Value as of 01.01.2024	Share as of 01.01.2024	Current Value as of 01.07.2024	Share as of 01.07.2024	Increase/Decrease from the beginning of the year
GS MF RK	8,289.48	46.55%	8,796.23	44.34%	6.11%
Foreign GS	22.36	0.13%	739.58	3.73%	3207.78%
IFO	359.46	2.02%	344.18	1.73%	-4.25%
Corporate bonds of RK issuers	14.01	0.08%	15.13	0.08%	7.99%
Bonds of quasi-public organizations of RK	1,619.89	9.10%	1,965.99	9.91%	21.37%
Bonds of STB of RK	848.05	4.76%	810.03	4.08%	-4.48%
PPN	7.23	0.04%	7.65	0.04%	5.73%
Shares and depository receipts of RK issuers	350.53	1.97%	375.10	1.89%	7.01%
Deposits	197.21	1.11%	197.19	0.99%	-0.01%
NBRK Deposits	876.66	4.92%	183.14	0.92%	-79.11%
Deposits in foreign banks	0.00	0.00%	79.76	0.40%	0.00%
Cash in investment accounts	48.34	0.27%	9.23	0.05%	-80.90%
REPO	26.71	0.15%	151.82	0.77%	468.49%
Other assets (accounts receivable and overdue debt, provisions)	0.00	0.00%	17.77	0.09%	100%
Index asset management, including:	5,146.10	28.90%	6,145.58	30.98%	19.42%
Assets of developed countries	1,644.24	9.23%	1,719.41	8.67%	4.57%
Assets of developing countries	1,122.87	6.31%	1,195.46	6.03%	6.47%
assets under external management	2,378.99	13.36%	3,230.71	16.29%	35.80%
under the developing country bond mandate:					
Aviva Investors Global Services Limited	173.41	0.97%	230.94	1.16%	33.17%
under Global Actions Mandate:					
Invesco Asset Management Deutschland GmbH	170.5	0.96%	250.08	1.26%	46.67%
HSBC Global Asset Management (UK) Limited	311.96	1.75%	445.22	2.24%	42.72%
UBS Asset Management (UK) Ltd	226.16	1.27%	318.73	1.61%	40.93%
Blackrock Financial Management	176.62	0.99%	270.64	1.36%	53.23%
BlackRock Investment Management	116.41	0.65%	188.81	0.95%	62.19%
Robeco Institutional Asset Management B.V.	219.38	1.23%	269.17	1.36%	22.69%
under mandate of investment grade corporate bonds:					
Principal Global Investors (Europe) Limited	489.75	2.75%	522.60	2.63%	6.71%
PGIM Limited	494.79	2.78%	531.06	2.68%	7.33%
PIMCO Asia Pte Ltd	-	-	203.47	1.03%	100.00%
Total PA under fiduciary management of NBRK	17,806.03	100.00%	19,838.39	100.00%	11.41%

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.

Cash in contribution and benefit payment accounts	38.97		7.46	
Total Pension Assets	17,845.01		19,845.85	11.21%

As of July 01, 2024 the weighted average yield to maturity (YTM) of debt financial instruments in the investment portfolio of PA UAPF amounted to 10.14% per annum, including those denominated in tenge - 11.58% per annum, in foreign currency - 5.34% per annum

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 during the reporting month increased by KZT67.90 bln and amounted to KZT8,796.23 bln. Their share in the portfolio was 44.34%.

In the period under review, government securities of the Ministry of Finance of the Republic of Kazakhstan were purchased in the amount of KZT282.7 bln at par value with a weighted average yield of 13.32% per annum.

During the period under review, there were no sales of securities of the Ministry of Finance of the Republic of Kazakhstan; government securities of the Ministry of Finance of the Republic of Kazakhstan were redeemed in the amount of KZT176.99 bln.

As of the reporting date, the weighted average yield to maturity on government securities of the Ministry of Finance of the Republic of Kazakhstan amounted to 11.93% 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 decreased by KZT1.14 bln and amounted to KZT739.58 bln. Their share in the portfolio was 3.73%.

In the period under review, US government securities were purchased in the amount of 90.28 billion tenge at par value with a weighted average yield of 5.33% per annum.

In the reporting month, a portion of US government securities was repaid in the amount of KZT132.17 bln. There were no sales of government securities of foreign countries in the reporting period.

The weighted average yield to maturity of government securities of foreign countries in the liquidity sub-portfolio of the currency portfolio of the PA UAPF as of the reporting date amounted to 5.96% per annum.

Bonds of international financial organizations

The current value of bonds of international financial organizations during the reporting month decreased by KZT14.65 bln and amounted to KZT344.18 bln. Their share in the portfolio was 1.73%.

There were no purchases or sales of securities of international financial organizations. In the reporting month, part of the bond of the Eurasian Development Bank was repaid in the amount of KZT11.17 bln.

The weighted average yield to maturity on bonds of international financial organizations denominated in tenge with a fixed interest rate was 11.38% 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 0.21 years, during the reporting month increased by KZT1.45 bln and amounted to KZT197.19 bln. Their share in the portfolio was 0.99%.

There were no placements or redemptions of deposits from 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 9.17% 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 KZT183.14 bln. Their share in the portfolio was 0.92%.

In the reporting month, as part of current liquidity management in order to maintain profitability on pension assets, investments were made into deposits of the National Bank of the Republic of Kazakhstan. The average volume of transactions amounted to 198.90 billion tenge with an average weighted yield of 13.5% per annum.

Deposits in foreign banks

The current value of deposits in foreign banks as of the reporting date amounted to KZT79.76 bln. Their share in the portfolio was 0.40%.

During the period under review, in order to maintain the profitability of the foreign exchange portfolio, deposits were placed in foreign banks denominated in US dollars. The average volume of transactions amounted to KZT39.30 bln with a weighted average yield of 5.48% per annum in US dollars, and a maturity from 12 to 66 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 KZT15.13 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 KZT36.18 bln and amounted to KZT1,965.99 bln. Their share in the portfolio was 9.91%.

During the period under review, bonds of Baiterek NWH JSC were purchased in the amount of KZT8.12 bln at par value with a weighted average yield of 14.05% per annum.

During the reporting period, there were no sales of securities of quasi-public organizations of the Republic of Kazakhstan; partial repayment of bonds of quasi-public organizations of the Republic of Kazakhstan was carried out in the amount of KZT14.85 bln.

As of the reporting date, the weighted average yield to maturity on bonds of quasi-state organizations of the Republic of Kazakhstan denominated in tenge was 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 STBs of the Republic of Kazakhstan for the reporting month increased by KZT4.20 bln and amounted to KZT810.03 bln. Their share in the portfolio was 4.08%.

There were no purchases or sales of bonds from 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 10.2% per annum.

PPN (structured notes) of foreign issuers

The current value of PPN (structured notes) of foreign issuers in the reporting month amounted to KZT7.65 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 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 decreased by KZT24.27 bln and amounted to KZT375.10 bln. Their share in the portfolio was 1.89%.

During the period under review, there were no purchases or sales of shares and depositary 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 exchange share of pension assets at the level of 30%, USD293.00 million 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 01.07.2024	Share as of 01.07.2024	Increase/Decrease from the beginning of the year
National Currency	12,161.38	68.30%	12,580.29	63.41%	3.44%
US dollar	5,639.89	31.67%	7,257.29	36.58%	28.68%
Other currencies	4.76	0.03%	0.81	0.00%	-82.98%
Total:	17,806.03	100.00%	19,838.39	100.00%	11.41%

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 KZT1.23 trln.

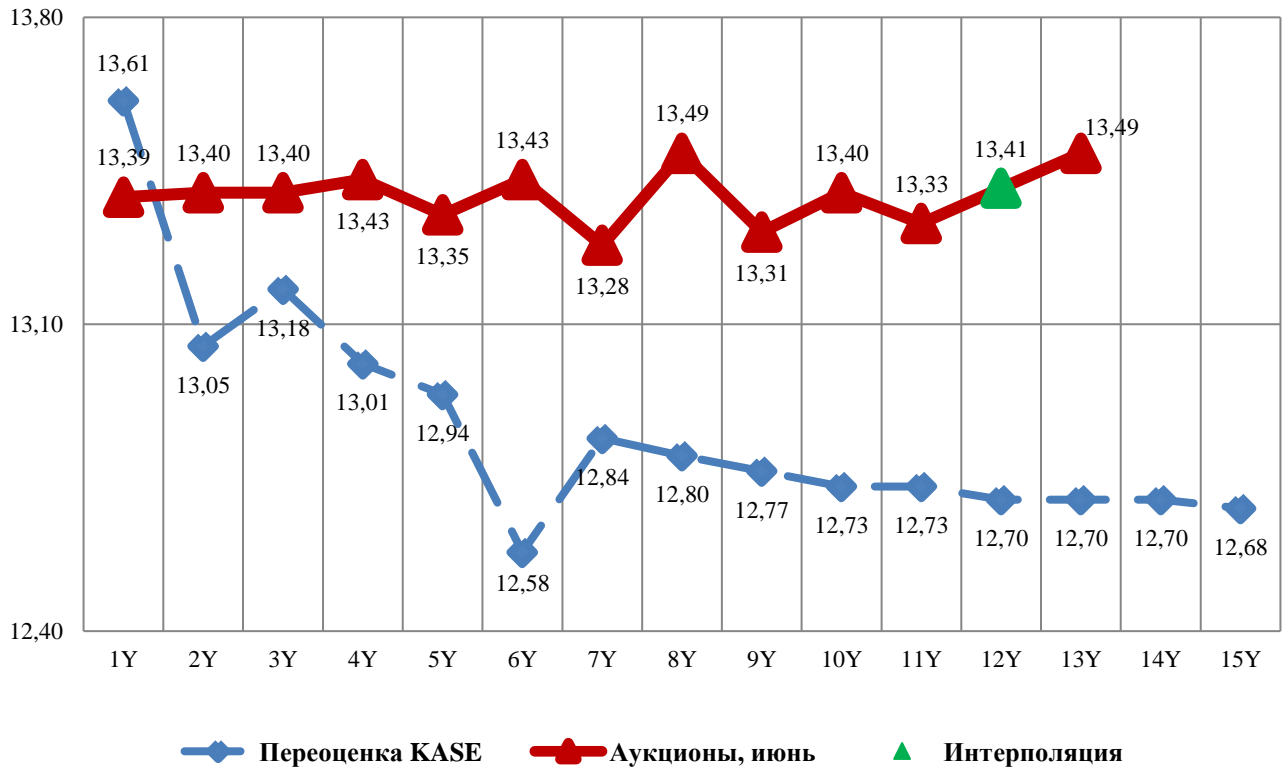
As of July 1, 2024, the return on UAPF pension assets over the last 12 months, distributed to the accounts of depositors (beneficiaries), amounted to 13.08% with inflation of 8.40%. The return on UAPF pension assets distributed to the accounts of depositors (beneficiaries) has amounted to 6.59% since the beginning of 2024.

In June 2024, there was an increase in market expectations for the US base rate against the backdrop of lower inflation in the US and a “cooling” labor market. Thus, according to market expectations, the probability of a rate cut in September 2024 was about 56% instead of 46% a month earlier. At the same time, the rhetoric of representatives of the US Federal Reserve remains restrained in the direction of maintaining rates at a high level for a longer time until more data is received confirming a sustainable trend towards reducing inflation to the target level of 2%.

In this regard, the yield on the benchmark 10-year US Treasury note increased by 18 bps in June. Spreads on corporate and emerging market bonds widened by 7.73 bps. and 7.72 bp, respectively. At the same time, the MSCI World share index increased by 1.69%.

At auctions for the placement of government securities of the Republic of Kazakhstan in June, an increase in yields was observed for all periods of the government securities curve of the Republic of Kazakhstan. At the same time, in June the National Bank of Kazakhstan decided to reduce the base rate by 25 bp. up to 14.50%. The average demand at auctions of government securities of the Republic of Kazakhstan exceeded supply by 1.4 times, where the main demand was concentrated on medium-term placements of government securities of the Republic of Kazakhstan. At the same time, there is an increase in the volume of borrowing by the IFRK from KZT463 to KZT838 bln.

Кривая ГЦБ РК 28.06.2024



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

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	775.76
Income (loss) from market revaluation of securities	-49.79
Income (loss) from foreign currency revaluation	148.36
Income (loss) on assets under external management	357.44
Other income (losses)	1.69
Total	1,233.45

Information on compliance with the investment declaration parameters

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 July 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	0.06%	yes
1	Kazakhstani issuers:	61.88%	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

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	44.34%	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	0.92%	yes
1.3	Securities of the quasi-public sector entities	11.48%	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:	4.82%	yes
1)	Debt securities	3.75%	yes
2)	Equity securities	0.07%	yes
3)	Deposits	0.99%	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	0.32%	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:	35.60%	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	20.74%	yes
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	6.12%	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	8.30%	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	0.40%	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	0.49%	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	90,276,000,000
GS RK	KZT	Government of RK	282,700,000,000
KGS bonds	KZT	Baiterek NWH JSC	8,116,236,000
Total			381,092,236,000

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

Instrument	Currency	Issuer	Transaction amount in KZT
US GS	USD	US Government	132,166,790,000
GS RK	KZT	Government of RK	176,988,104,000
IFO bonds	KZT	Eurasian Development Bank	11,168,855,000
Bonds of quasi-public organizations of the Republic of Kazakhstan	KZT	Development Bank of Kazakhstan JSC	14,850,000,000
Total			335,173,749,000

Table 7. Information on deposit placements in the reporting month

Instrument	Currency	Bank	Placement amount in tenge
Deposit	USD	Dbz Bank LTD	46,472,000,000
Deposit	USD	Bank of Nova Scotia, London Branch	32,120,880,000
Total			78,592,880,000