

INFORMATION ON INVESTMENT MANAGEMENT OF PENSION ASSETS OF UAPF JSC

As of October 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 KZT17,216.94 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 01.10.2023	Share as of 01.10.2023	Increase/Decrease from the beginning of the year
GS MFRK	7,270.16	49.72%	8,122.93	47.18%	11.73%
Foreign GS	812.16	5.55%	706.16	4.10%	-13.05%
IFO	370.94	2.54%	373.41	2.17%	0.67%
Corporate bonds of RK issuers	16.25	0.11%	13.67	0.08%	-15.92%
Bonds of quasi-public organizations of RK	1,666.98	11.40%	1,728.34	10.04%	3.68%
Bonds of second tier banks of RK	945.94	6.47%	864.04	5.02%	-8.66%
Corporate bonds of foreign issuers	5.51	0.04%	-	0.00%	-100.00%
PPN	9.47	0.06%	7.44	0.04%	-21.41%
Shares and depository receipts of RK issuers	246.54	1.69%	339.77	1.97%	37.82%
Deposits	200.39	1.37%	193.97	1.13%	-3.20%
NBRK Deposits	80.34	0.55%	515.42	2.99%	541.59%
Cash in investment accounts	22.69	0.16%	99.85	0.58%	340.14%
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%	4,251.95	24.70%	43.04%
Government securities of developed countries	1,069.24	7.31%	1,281.46	7.44%	19.85%
Government securities of developing countries	547.83	3.75%	781.40	4.54%	42.64%
Assets under external management	1,355.43	9.27%	2,189.09	12.71%	61.51%
Total PA under fiduciary management of NBRK	14,621.89	100.00%	17,216.94	100.00%	17.75%
Cash on contribution and benefit payment accounts	37.07		7.85	0.05%	
Total Pension Assets	14,658.96		17,224.79		

As of October 01, 2023 the weighted average yield to maturity (YTM) of debt financial instruments in the investment portfolio of PA UAPF amounted to 10.8% per annum, including those denominated in tenge - 12.2% per annum, in foreign currency - 5.4% 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 KZT59.28 bln and amounted to KZT8,122.93 bln. Their share in the portfolio was 47.18%.

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

During the reporting period, government securities of the Ministry of Finance of the Republic of Kazakhstan were repaid for a total amount of KZT5.66 bln.

In the period under review, government securities of the Ministry of Finance of the Republic of Kazakhstan were purchased in the amount of KZT50.00 bln at par value with a weighted average yield of 12.60% per annum. 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 was 12.6% 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 decreased by KZT49.78 bln and amounted to KZT706.16 bln. Their share in the portfolio was 4.10%.

During the reporting period, US government securities were repaid in the amount of KZT212.36 bln.

In the period under review, government securities of foreign countries were purchased in a total volume of KZT141.33 bln with a weighted average yield of 5.40% per annum. There were no sales of government securities of foreign states.

The weighted average yield to redemption 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 6.6% per annum.

IFO bonds

The current value of bonds of international financial organizations during the reporting month increased by 4.11 billion tenge and amounted to KZT373.41 bln. Their share in the portfolio was 2.17%.

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 9.4% 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 0.96 years, during the reporting month decreased by KZT4.15 bln and amounted to KZT193.97 bln. Their share in the portfolio was 1.13%.

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 RK

The current value of deposits in the National Bank of the Republic of Kazakhstan as of the reporting date amounted to KZT515.42 bln. Their share in the portfolio was 2.99%.

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 KZT368.37 bln with an average weighted yield of 15.59% per annum.

Corporate bonds of issuers of the Republic of Kazakhstan

The current value of corporate bonds of issuers of the Republic of Kazakhstan for the reporting month decreased by KZT1.51 bln and amounted to KZT13.67 bln. Their share in the portfolio was 0.08%.

In the period under review, part of the bonds of DTJ JSC in the amount of KZT2.03 bln was sold as part of the buyback. There were no purchases 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 KZT11.24 bln and amounted to KZT1,728.34 bln. Their share in the portfolio was 10.04%.

There were no purchases, 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 11.3% 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 STBs of the Republic of Kazakhstan for the reporting month decreased by KZT6.29 bln and amounted to KZT864.04 bln. Their share in the portfolio was 5.02%.

In the reporting period, in accordance with the repayment period established in the prospectus, the principal debt on the bonds of Eurasian Bank JSC was repaid in the amount of KZT6.56 bln. 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 STB RK was 10.4% per annum.

PPN

The current value of PPN (structured notes) of foreign issuers in the reporting month amounted to KZT7.44 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 increased by KZT68.32 bln and amounted to KZT339.77 bln. Their share in the portfolio was 1.97%.

During 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 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%, USD200.00 mln were purchased on the Kazakhstan Stock Exchange to diversify the investment portfolio.

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 01.10.2023	Share as of 01.10.2023	KZT bln
					Increase/Decrease from the beginning of the year
National Currency	10,467.94	71.59%	11,737.56	68.17%	12.13%
US dollar	4,146.13	28.36%	5,474.84	31.80%	32.05%
Other currencies	7.82	0.05%	4.54	0.03%	-41.94%

Total:	14,621.89	100.00%	17,216.94	100.00%	17.75%
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Investment results

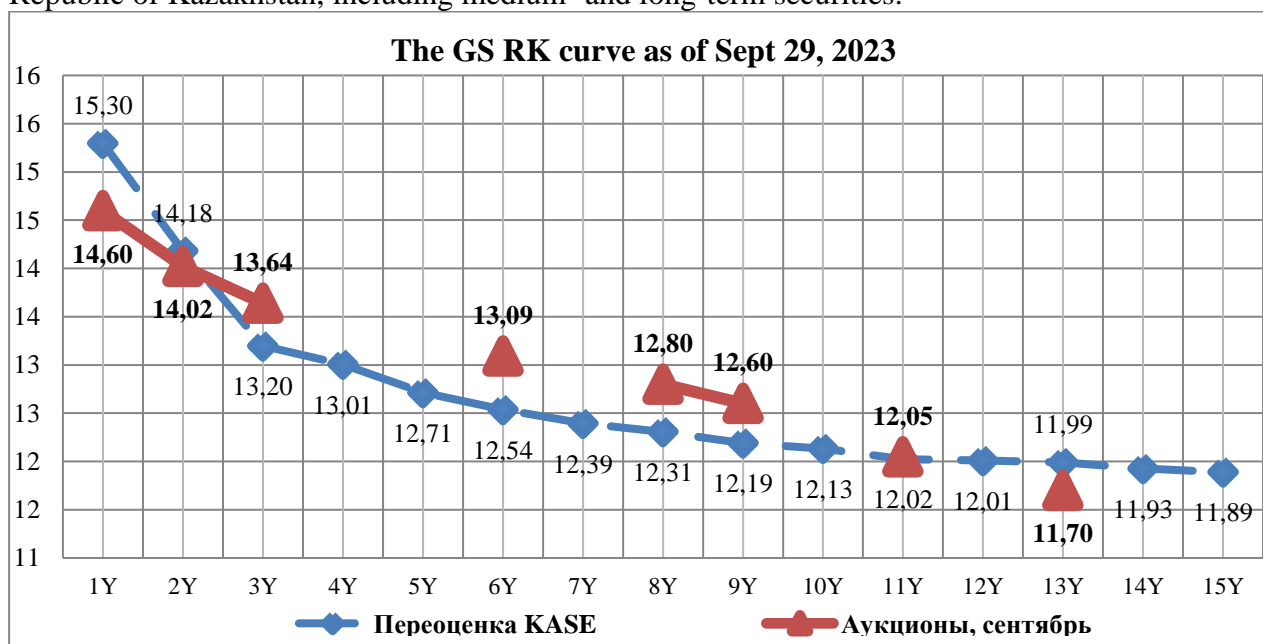
As a result of investment activities, as well as due to the volatility of foreign exchange rates and changes in the market value of financial instruments, the amount of accrued investment income since the beginning of 2023 amounted to KZT1,402.61 bln.

The return on UAPF pension assets distributed to the accounts of contributors (beneficiaries) from the beginning of 2023 amounted to 8.89% with inflation of 7.20%.

In September 2023, the US Federal Reserve decided to maintain the base rate at 5.25-5.50%. Despite the decision to maintain the base rate, representatives of the US Federal Reserve signaled a possible additional rate increase before the end of this year. In addition, high rates are expected to continue for a longer period than previously expected.

As a result, at the end of September, the MSCI World stock index fell by 4.5%, and the yield on the benchmark 10-year US Treasury bond increased by 46 bps. However, spreads on corporate bonds and emerging market bonds remained virtually unchanged.

There was a decrease in demand for placements of government securities of the Republic of Kazakhstan, as well as a slight decrease in yields on medium-term government securities of the Republic of Kazakhstan against the backdrop of stabilizing inflation. In September, inflation increased by 0.6% (0.7% in August) or 11.8% in annual terms (13.1% in August). The average demand at government securities auctions of the Republic of Kazakhstan was at the same level as supply. At the same time, demand was stable along the entire government securities curve of the Republic of Kazakhstan, including medium- and long-term securities.



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	1,069.81
Income (loss) from foreign currency revaluation	88.99
Income (loss) on assets under external management	239.90
Other income (losses)	3.91
Total	1,402.61

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 October 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	0.01%	yes
	Cash in foreign currency	0.65%	yes
1	Kazakhstani issuers:	67.87%	
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	47.18%	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	2.99%	yes
1.3	Securities of the quasi-public sector entities	11.75%	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:	5.79%	yes
1)	Debt securities	4.62%	yes
2)	Equity securities	0.04%	yes
3)	Deposits	1.13%	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	Foreign issuers:	29.57%	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	18.59%	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	4.18%	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	6.75%	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

2.7	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	0.04%	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	0.10%	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 of USA	USD	Government of USA	141,333,000,000
GS of RK	KZT	Government of RK	50,000,000,000
Total	USD		191,333,000,000

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

Instrument	Currency	Issuer	Nominal Value in KZT
Bonds	KZT	DTJ JSC	2,029,066,667
Total			2,029,066,667

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

Instrument	Currency	Issuer	Amount to be repaid in KZT
GS of USA	USD	Government of USA	212,364,000,000
Bonds	KZT	Eurasian Bank JSC	6,558,100,000
GS of RK	KZT	Government of RK	5,666,666,000
Total			224,588,766,000