

## Information on investment management of pension assets of JSC UAPF for November, 2016

As of December 1, 2016 pension assets of (further – PA) UAPF which are under fiduciary management of National Bank of the Republic of Kazakhstan (further – NBRK), constituted KZT 6 641,18 billion.

### Pension asset's structure

**Table 1.** Pension assets

The Name	Current cost as at 01.11.2016	Share as at 01.11.2016	Current cost as at 01.12.2016	Share as at 01.12.2016	Increase/decrease for month	Increase/decrease from the beginning of the year
GS of the RK	2 906,51	44,26%	2 882,24	43,40%	-0,84%	9,51%
GS of the foreign states	389,32	5,93%	361,23	5,44%	-7,22%	612,96%
IFO	85,73	1,30%	86,24	1,30%	0,59%	1,55%
Corporate bonds of issuers (RK)	87,10	1,33%	87,95	1,32%	0,98%	-29,41%
Corporate bonds of the RK quasi-public company	840,21	12,79%	843,00	12,69%	0,33%	63,67%
Second tier banks' bonds	1 481,14	22,55%	1 460,71	22,00%	-1,38%	-7,13%
Corporate bonds (foreign states)	148,27	2,26%	146,37	2,20%	-1,28%	-11,70%
PPN	38,15	0,58%	38,37	0,58%	0,60%	-28,23%
Shares and depositary receipts of RK issuers	127,79	1,95%	126,97	1,91%	-0,64%	12,28%
Shares and depositary receipts of foreign issuers	17,30	0,26%	18,05	0,27%	4,38%	33,20%
Deposits	423,76	6,45%	418,23	6,30%	-1,30%	14,92%
Repurchase agreements	1,50	0,02%	51,43	0,77%	3328,60%	0,21%
Cash on the investment account	15,00	0,23%	110,73	1,67%	637,95%	45,08%
Other assets (debt receivables, provisions)	5,85	0,09%	9,66	0,15%	65,06%	-31,15%
<b>Total PA under the fiduciary management at NBRK</b>	<b>6 567,63</b>	<b>100,00%</b>	<b>6 641,18</b>	<b>100,00%</b>	<b>1,12%</b>	<b>13,89%</b>
Cash on the accounts	2,05		2,57		25,33%	-18,67%
<b>Total PA</b>	<b>6 569,68</b>		<b>6 643,75</b>		<b>1,13%</b>	<b>13,87%</b>

The profitability of pension assets of UAPF distributed into accounts of contributors (notional pension unit), from 01.01.2016 to 30.11.2016 made 8,15%. Growth rate of pension unit for November, 2016 made 0,40%.

**Table2.** Share distribution of PA under the fiduciary management of the NBRK

Type of the financial instrument	Share as at 01.12.2016 .
Debt financial instruments	96,00%
Equity financial instruments	2,18%
Cash	1,67%
Other assets (provisions and debt receivables)	0,15%
<b>Total PA</b>	<b>100,00%</b>

Weighted average yield to settlement (YTM) of the debt financial instruments which are in investment portfolio of PA as of 01.12.2016 made 9,30% per annum.

### **Government securities of the Republic of Kazakhstan**

The main share in portfolio of pension assets is constituted by GS RK which amount for month decreased by KZT 24,27 billion and constituted KZT 2 882,24bln. Their share in a portfolio constituted 43,40%.

In the accounting period short-term discount notes of NBRK in amount KZT 645,23 bln were purchased with weighted average yield of 12,1% per annum.

For reporting date there was a settlement of discount notes of NBRK on KZT 616,31 billion, and also securities of the Ministry of Finance of RK of KZT 18,85 billion were sold.

Weighted average yield to settlement of GS RK in a portfolio for the accounting period made 9,4% per annum.

### **Government securities of foreign states**

The amount of government securities of foreign states under reporting month decreased by 28,09 billion and made 361,23 billion. Their share in a portfolio constituted 5,44%.

In the accounting period short-term bonds of the U.S. Treasury of 104,03 billion with weighted average yield of 0,29% per annum were purchased.

For reporting date there was a settlement of short-term bonds of the U.S. Treasury of KZT 138,64 billion. Sales in the reporting period weren't made.

Weighted average yield to settlement of GS of foreign states in a portfolio for the accounting period made 2,3% per annum.

### **Bonds of International financial institutions**

The amount of bonds of International financial institutions increased on KZT 0,51 bln also constituted KZT 86,24 billion. Their share in a portfolio constituted 1,30%. Under the reporting period purchases, sales and settlements of securities of International financial institutions wasn't made.

Weighted average yield to bond redemption of International financial institutions in a portfolio for the accounting period made 7,3% per annum.

### **Deposits in second-tier banks**

The amount of deposits in reporting month decreased by KZT 5,53 billion and made KZT 418,23 billion. Their share in a portfolio constituted 6,30%.

In the accounting period there was a settlement of a principal debt of deposits of second-tier banks for the amount of KZT 6,28 billion. For the accounting period there were no placements of deposits in second-tier banks.

Weighted average yield to settlement of deposits in a portfolio of PA for the accounting period made 10,8% per annum.

### **Corporate bonds of RK issuers**

The amount of corporate bonds of issuers in reporting month increased by KZT 0,85 billion and made KZT 87,95 billion. Their share in a portfolio constituted 1,32%. For the reporting period in portfolio of PA of UAPF purchases, sales and settlements of corporate bonds of RK issuers were not made.

Weighted average yield to settlement of corporate bonds of RK issuers for the accounting period made 11,9% per annum.

### **Bonds of the RK quasi-public organizations**

The amount of bonds of the RK quasi-public organizations in reporting month increased by KZT 2,79 billion and made KT 843,0 billion Their share in a portfolio constituted 12,69%. For the reporting period in portfolio of PA of UAPF purchases, sales and settlements of bonds of RK quasi-public organizations were not made.

Weighted average yield to bond redemption of the RK quasi-public organizations in a portfolio of PA of UAPF for the accounting period made 9,9% per annum.

### **Bonds of second-tier banks**

The amount of bonds of second-tier banks decreased by KZT 20,43 billion and made KZT 1 460,71 billion. Their share in a portfolio constituted 22,00%.

In the accounting period there was a settlement of a principal debt, nominated in national currency, on the amount of KZT 8,10 billion, nominated in US dollars, on the amount of KZT 10,59 billion. Purchases and sales of bonds of second-tier banks weren't made

Weighted average yield to bond redemption of second-tier banks for the accounting period made 9,8% per annum.

#### **Corporate bonds of foreign issuers**

The amount of corporate bonds of foreign issuers in reporting month decreased by KZT 1,90 billion and made KZT 146,37 billion. Their share in a portfolio constituted 2,20%.

The corporate bonds of foreign issuers nominated in US dollars of 1,70 billion were sold for the considered period. Purchases and bond redemptions of foreign issuers weren't made.

Weighted average yield to settlement of corporate bonds of foreign issuers in a portfolio of PA for the accounting period made 8,0% per annum.

#### **PPN (structural notes) of foreign issuers**

PPN volume (structural notes) of foreign issuers under reporting month has made KZT 38,37 billion. Their share in a portfolio has made 0,58%.

In the reporting period in a portfolio of PA of UAPF there were no purchases, sales and repayments of PPN (structural notes).

#### **Shares and depositary receipts of RK issuers**

The amount of shares and depositary receipts of RK issuers in reporting month decreased by KZT 0,82 billion and made KZT 126,97 billion. Their share in a portfolio constituted 1,91%.

In the accounting period of sales and share purchases of RK issuers wasn't made.

#### **Shares and depositary receipts of foreign issuers**

The amount of shares and depositary receipts of foreign issuers made KZT 18,05 billion. Their share in a portfolio constituted 0,27%.

In the reporting period the shares of foreign issuers nominated in euro of KZT 903,82 million were sold.

Share purchases and depositary receipts of foreign issuers weren't made.

#### **Derivative financial instruments**

For the reporting period in a portfolio of PA of UAPF the operations "currency swap" for the total amount of 45,00 million US dollars have been carried out.

**Table 3.** PA structure under the fiduciary management at the NBRK , by currency

Currency	Current cost as at 01.11.16 (in KZT bln)	Share as at 01.11.16	Current cost as at 01.12.16 , (in KZT bln)	Share as at 01.12.16.	Increase/ decrease for the last month, %	Increase/ decrease from the beginning of the year, %
National currency	5 104,15	77,72%	5 109,09	76,93%	0,10%	5,54%
US dollar	1 418,30	21,60%	1 487,01	22,39%	4,84%	56,38%
Russian ruble	33,93	0,52%	33,82	0,51%	-0,35%	15,41%
Malaysian ringgit	4,80	0,07%	4,61	0,07%	-3,98%	-4,32%
Brazilian real	3,29	0,05%	2,90	0,05%	-11,83%	3,25%
British pounds	2,33	0,03%	2,83	0,04%	21,33%	84,62%
Euro	0,83	0,01%	0,92	0,01%	10,55%	-32,78%
<b>Total</b>	<b>6 567,63</b>	<b>100,00%</b>	<b>6 641,18</b>	<b>100,00%</b>	<b>1,12%</b>	<b>13,89%</b>

### Results of investing activities

**Table 4.** Structure of the investment income / loss:

Name	For the November 2016(in KZT bln)	From the beginning of the year(in KZT bln)	Structure from the beginning of the year
From the remuneration on securities, deposits and the	7,69	528,41	97,86%

operations "Repurchase agreements"			
From the revaluation of securities	-2,21	-1,04	-0,19%
From the currency revaluation	25,08	12,62	2,33%
<b>Total</b>	<b>30,56</b>	<b>539,99</b>	<b>100,00%</b>

### Information on compliance of the criteria of investment declaration.

Structural distribution of PA, which are under fiduciary management complies with the requirements of the investment declaration of the UAPF. Shares of foreign exchange positions remain within admissible level and do not violate requirements of the Investment declaration of the UAPF

**Table 5.**Limits for investment of the UAPF's PA as at 01.12.2016.

№	Type of the financial tools	Actual Value	Performance (yes/no)
<b>1</b>	<b>Foreign issuers:</b>	<b>9,79%</b>	<b>yes</b>
1.1	Government securities of the international financial organization (IFO):	<b>6,74%</b>	yes
1)	With rating not lower than «BBB-» on the international scale of Standard & Poor's agency or rating of similar level of one of other rating agencies	4,47%	yes
2)	With rating from «BB+» to «BB-» on the international scale of Standard & Poor's agency or rating of similar level of one of other rating agencies	2,26%	yes
1.2	Corporate debt securities:	<b>2,20%</b>	yes
1)	With rating not lower than «BBB-» on the international scale of Standard & Poor's agency or rating of similar level of one of other rating agencies	0,12%	yes
2)	With rating from «BB+» to «BB-» on the international scale of Standard & Poor's agency or rating of similar level of one of other rating agencies	2,08%	yes
1.3	Mortgage securities (MBS) and assets (ABS) with rating not lower than «BBB-» on the international scale of Standard & Poor's agency or rating of similar level of one of other rating agencies	<b>0,00%</b>	yes
1.4	Shares and depositary receipts	<b>0,27%</b>	yes
1.5	Deposits in the international banks with rating not lower than «A-» on the international scale of Standard & Poor's agency or rating of similar level of one of other rating agencies	<b>0,00%</b>	yes
1.6	Structural tools, issued by the organization with ratings not lower than «BBB-» on the international scale of Standard & Poor's agency or rating of similar level of one of other rating agencies	<b>0,58%</b>	yes
1.7	Tools of the Islamic financing:	<b>0,00%</b>	yes
1)	With rating not lower than «BBB-» on the international scale of Standard & Poor's agency or rating of similar level of one of other rating agencies	0,00%	yes
2)	With rating not lower than «BB+» до «BB-» on the international scale of Standard & Poor's agency or rating of similar level of one of other rating agencies	0,00%	yes
<b>2</b>	<b>Kazakhstani issuers:</b>	<b>86,36%</b>	<b>yes</b>
2.1	RK Government securities	<b>43,40%</b>	yes

			yes
2.2	Securities of quasi-public sector	<b>13,60%</b>	yes
2.3	Financial tools of second-tier banks	<b>29,07%</b>	yes
2.4	Non-government securities with the rating not lower than «B-» on the international scale of Standard & Poor's agency or rating of similar level of one of other rating agencies	<b>0,10%</b>	yes
2.5	Non-government securities except for securities of quasi-public sector and second-tier banks, included to the first category of the official list of the KASE	<b>0,18%</b>	yes
2.6	Tools of the Islamic financing	<b>0,07%</b>	yes

**Table 6.** Limits for investment of the UAPF's PA for certain tools

<b>№</b>	<b>The type of financial tool</b>	<b>Actual Value</b>	<b>Performance (yes/no)</b>
1	Derivative financial instruments	0,00%	yes
1)	In the case that financial instruments are used for risk hedging	0,00%	yes
2	Gold in bars	0,00%	yes