

INFO ON UAPF JSC

PENSION ASSETS INVESTMENT MANAGEMENT

As of April 01, 2018 UAPF JSC pension assets (hereinafter referred to as PA) under fiduciary management of the National Bank of RK (hereinafter, NBRK) amounted to KZT 7 975.51 bln¹

Structure of UAPF pension assets investment portfolio is in Table 1.

Table 1. Structure of UAPF PA investment portfolio under fiduciary management of the National Bank of RK by financial instruments

KZT bln

Description	Current value 01.01.2018	Share 01.01.2018.	Current value 01.04.2018.	Share 01.04.2018.	Growth/loss from the beginning of the year. %
Government securities of RK	3 587.63	46.14%	3 580.47	44.89%	-0.20%
Foreign government securities	948.84	12.20%	1 105.56	13.86%	16.52%
IFO	172.55	2.22%	171.92	2.16%	-0.36%
Corporate bonds of RK emitters	58.30	0.75%	60.31	0.76%	3.46%
Bonds of quasi public organizations of RK	791.68	10.18%	794.41	9.96%	0.34%
Bonds of STB RK	1 246.49	16.03%	1 229.20	15.41%	-1.39%
Corporate bonds of foreign emitters	62.74	0.81%	59.61	0.75%	-5.00%
PPN	35.00	0.45%	33.89	0.42%	-3.17%
Shares and depository receipts of RK emitters	184.14	2.37%	162.69	2.04%	-11.65%
Shares and depository receipts of foreign emitters	23.68	0.30%	24.82	0.31%	4.78%
Deposits	325.82	4.19%	323.23	4.05%	-0.80%
Deposits in foreign banks	277.41	3.57%	243.46	3.05%	-12.24%
REPO	11.02	0.14%	23.11	0.29%	109.60%
Cash on investment accounts	20.88	0.27%	84.76	1.06%	305.94%
Other assets (accounts receivable ² , past-due debt provisions)	28.62	0.37%	8.05	0.10%	-
Assets under external management by Aviva Investors Global Services Limited*	-	-	70.03	0.88%	-
Total PA under fiduciary management of NBRK	7 774.82	100.00%	7 975.51	100.00%	2.58%
Cash on contribution and benefit payment accounts	9.51		2.22		
PA Total	7 784.33		7 977.73		2.48%

* - within Global Bonds of Developing Markets mandate

Average YTM of debt instruments in the Fund's PA investment portfolio as of April 01, 2018 was 7.2% including those KZT nominated – 8.7% and nominated in foreign currency – 3.8% per annum.

Government securities of the Republic of Kazakhstan

Government securities of RK take main share of UAPF PA portfolio. In the report month their current value was increased by KZT 112.03 bln and came to KZT 3 580.47 bln. They took 44.89% of the portfolio.

Within the report month there was purchase of following instruments on their nominal value:

- the short-term discount notes of NBRK in amount of KZT 915.16 bln with average YTM 8.67% per annum;
- GS of Ministry of Finance nominated in USD in amount of KZT 53.19 bln with average YTM 4.86% per annum

¹ less cash on contribution and benefit payment accounts.

² accounts receivable include amounts to receive on interest and/or principle debt on coupon date, but not maturity date in accordance with prospectus of share issue.

- GS of Ministry of Finance nominated in KZT in amount of KZT 20.00 bln with average YTM 8.60% per annum.

There was repayment of discount notes of NBRK in amount of KZT 889.76 bln.

Average yield to maturity of KZT nominated Government securities of RK in UAPF PA portfolio came to 7.6% per annum, while those nominated in USD – 4.3% per annum.

Foreign government securities

Current value of FGS within the month increased by KZT 19.15 bln upto KZT 1 105.56 bln. Their share came to 13.86%.

Within the reporting period short-term US Government securities in amount of KZT 95.91 bln with average YTM 1.87% per annum as well as mid-term US Government securities in amount of KZT 48.09 bln with average YTM 2.71% per annum were purchased on their nominal value.

There were foreign government securities redeemed in amount of KZT 113.97 bln. No sale took place

Within the report period average yield to maturity of foreign government securities in the PA portfolio came to 3.1% per annum.

IFO bonds

Current value of IFO bonds decreased by KZT 0.93 bln upto KZT 171.92 bln. The share of IFO bonds came to 2.16%.

No transactions with IFO securities took place within reporting period.

Average yield to maturity of the IFO bonds in UAPF PA portfolio came to 6.9% per annum.

Deposits in second tier banks (STB) of RK

Current value of STB deposits with average maturity period of 5.3 years in the report period decreased by KZT 4.05 bln and came to KZT 323.23 bln. Share of deposits came to 4.05%.

Early redemption of STB deposits in amount of KZT 1.39 bln took place within the reporting period.

There were no allocations of UAPF PA in STB deposits.

Average yield to maturity of STB deposits in PA portfolio was 10.6% per annum.

Deposits in foreign banks

As of April 01, 2018 current value of deposits in foreign banks with average maturity period of 1.83 month came to KZT 243.46 bln decreasing by KZT 60.19 bln. Their share was 3.05%.

Average yield to maturity of STB deposits in PA portfolio was 1.9% per annum.

RK corporate bonds

Current value of RK corporate bonds amounted to KZT 60.31 bln decreasing by KZT 0.54 bln. Their share came to 0.76%.

No transactions with RK emitters bonds took place in the period.

Average yield to maturity of corporate bonds of RK emitters came to 8.7%.

Bonds of quasi-public organizations of RK

Within the reporting period current value of the bonds of RK quasi-public organizations increased by KZT 3.23 bln and amounted to KZT 794.41 bln. Their share came to 9.96% of the portfolio.

There were no transactions with these instruments in the period.

Average yield to maturity of RK quasi-public organizations bonds nominated in KZT came to 11.7% while the instruments nominated in USD – 5.3% per annum.

Bonds of STB RK

Within the report month current value of STB bonds increased by KZT 6.50 bln and came to KZT 1 229.20 bln. Their share took 15.41%.

No transactions with these instruments took place within the period.

Average YTM of STB bonds nominated in KZT came to 10.0% while the instruments nominated in USD – 7.0% per annum.

Foreign corporate bonds

In the report period amount of foreign corporate bonds decreased by KZT 0.31 bln and came to KZT 59.61bln. The share came to 0.75%.

There were no transactions with foreign corporate bonds in the PA portfolio of UAPF in the period.

Average yield to maturity of corporate bonds emitters in PA portfolio was 5.8% per annum.

PPN

PPN (structured notes) amount in the report period came to KZT 33.89 bln decreasing by KZT 0.28 bln with share in portfolio of 0.42%.

No transactions with foreign PPN took place in the report period.

Shares and depository receipts of RK emitters

In the report period amount of shares and depository receipts of RK emitters increased by KZT 4.23 bln and amounted to KZT 162.69 bln. The share came to 2.04% of the portfolio.

Within reporting period shares of RK emitter were sold in amount of KZT 0.12 bln. Also in accordance with the decision of the extraordinary General Shareholders Meeting of Kazkommertsbank JSC there was conversion of this emitter's preferred shares being in UAPF PA portfolio into their ordinary shares.

In the report period there were no other transactions with RK emitters' shares.

Foreign shares and depository receipts

In the report period current value of foreign shares and depository receipts decreased by KZT 1.25 bln and came to KZT 24.82 bln. Their share in portfolio came to 0.31%.

There were neither sales nor purchases of these instruments in the period.

External fiduciary management of pension assets

Within new strategic allocation of FX part of PA portfolio provided in UAPF Investment Declaration on March 12, 2018 a part of UAPF pension assets in amount of USD 220.00 mln being under fiduciary management of the National Bank of RK was transferred to an external manager - Aviva Investors Global Services Limited - under Global Bonds of Developing Markets mandate.

This company is located in London and is assets management subdivision of Aviva plc group. Amount of assets under Aviva plc management exceeds USD 437 bln. The company manages various investments including investment into shares, bonds, real estate etc.

Index including as of April 01, 2018 251 emissions of 29 developing countries with BB rating of Latin America, Eastern Europe, South East Asia etc is the benchmark portfolio within the mandate.

FX structure

UAPF pension assets investment portfolio by currencies is in Table 2.

Table 2. Structure of UAPF pension assets investment portfolio under fiduciary management of NBRK by currencies

Currency	<i>KZT bln</i>				
	Current value as of 01.01.2018.	Share as of 01.01.2018.	Current value as of 01.04.2018.	Share as of 01.04.2018.	Growth/ loss from the beginning of the year
National Currency	5 619.71	72.28%	5 536.61	69.42%	-1.48%
US dollars	2 110.34	27.14%	2 395.12	30.03%	13.49%
Russian Rubles	36.90	0.47%	35.77	0.45%	-3.06%
Other currencies	7.88	0.10%	8.01	0.10%	1.77%
Total:	7 774.82	100.00%	7 975.51	100.00%	2.58%

Investment results

Investment return from the beginning of the year amounted to KZT 75.84 bln in result of pension assets investment as well as due to FX volatility and change of market value of UAPF pension assets portfolio's instruments. So return of UAPF pension assets distributed on members' accounts was 0.85%.

Structure of investment income is in Table 3.

Table 3. Structure of investment return on UAPF PA under fiduciary management of NBRK

<i>KZT bln</i>	
Description	Investment return - 2018
Income as remuneration on securities including deposits and Reverse REPO	130.94
Income (loss) of market revaluation	27.79
Income (loss) of FX revaluation	-90.57
Other income (loss)	7.68
Total:	75.84

Compliance with investment declaration parameters

Structure distribution of UAPF PA under fiduciary management complies with requirements of the UAPF Investment Declaration³. As presented in Table 4 shares of foreign currencies positions are within permitted levels and do not violate requirements of the UAPF Investment Declaration as of 01.04.2018.

Table 4. UAPF PA Investment limits

No.	Financial instrument	Actual value (in percent of pension assets)	Performance (yes / no)
1	Foreign emitters:	20.74%	yes
1.1	Government, Agents and IFO securities:	16.16%	yes
1)	with rating of no less than BBB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies	12.37%	yes
2)	with rating from BB+ to BB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	3.79%	yes
1.2	Corporate debt securities:	0.75%	yes
1)	with securities and/or emitter's rating of no less than BBB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	0.08%	yes
2)	with securities and/or emitter's rating from BB+ to BB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	0.67%	yes
1.3	MBS and ABS with securities and/or emitter's rating of no less than BBB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	0.00%	yes
1.4	Shares, deposit receipts on shares	0.31%	yes
1.5	Deposits in the foreign banks with rating of no less than "A-" on international scale of Standard & Poor's or rating of same level of one of the other rating agencies	3.08%	yes
1.6	Structured products of emitters with rating of no less than BBB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies	0.43%	yes
1.7	Islamic Financing Instruments:	0.00%	yes

³ UAPF Investment Declaration was approved by the resolution of the Board of the National Bank of the Republic of Kazakhstan dated March 17, 2016 No 86

1)	with securities and/or emitter's rating of no less than BBB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	0.00%	yes
2)	with securities and/or emitter's rating from BB+ to BB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	0.00%	yes
2	Kazakhstani emitters:	77.11%	yes
2.1	GS RK issued by Ministry of Finance of RK, National Bank of RK	45.29%	yes
2.1-1	GS RK issued by local executive bodies of RK	0.00%	yes
2.1-2	Deposits of the National Bank of RK	0.00%	yes
2.2	Securities of the quasi-public sector	10.55%	yes
2.3	Financial instruments of Kazakhstani second tier banks	20.93%	yes
2.4	Non-Government securities except for debt securities of the quasi-public sector and second tier banks of the Republic of Kazakhstan, with securities and/or emitter's rating of no less than B- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies	0.11%	yes
2.4-1	Non-Government securities issued under guaranty and / or warranty of the Government of RK	0.00%	yes
2.5	Non-Government securities except for share securities of the quasi-public sector and second tier banks of the Republic of Kazakhstan included into the first category of the KASE official list	0.22%	yes
2.6	Islamic Financing Instruments included into official list of KASE	0.00%	yes

Table 5. UAPF PA investment limits on certain types of financial limits

No.	Financial instrument	Actual (in percent of pension assets)	Performance (yes / no)
1	Standard derivatives	0.00%	yes
1)	If the derivatives are used for investment risk hedging	0.00%	yes
2	Gold in bars and AU metallic accounts	0.00%	yes

Information on transactions with financial instruments in UAPF JSC investment portfolio

Table 6. Information on financial instruments purchased within the reporting month

Date of transaction	Date of redemption	Instrument	Issuer	ISIN	Nominal value in KZT
01.03.2018	21.07.2045	GS RK	RK Government	XS1263139856	11 086 230 000
01.03.2018	13.03.2018	GS RK	National Bank of RK	KZW1KD122094	23 800 000 000
02.03.2018	14.03.2018	GS RK	National Bank of RK	KZW1KD122102	26 450 000 000
02.03.2018	21.07.2045	GS RK	RK Government	XS1263139856	12 412 015 000
05.03.2018	12.03.2018	GS RK	National Bank of RK	KZW1KD072125	97 000 000 000
07.03.2018	14.10.2024	GS RK	RK Government	XS1120709669	3 201 900 000
07.03.2018	21.07.2045	GS RK	RK Government	XS1263139856	7 684 560 000
07.03.2018	14.10.2044	GS RK	RK Government	XS1120709826	1 600 950 000
07.03.2018	04.04.2018	GS RK	National Bank of RK	KZW1KD282153	105 865 083 500
12.03.2018	19.03.2018	GS RK	National Bank of RK	KZW1KD072166	107 900 000 000
13.03.2018	20.03.2018	GS RK	National Bank of RK	KZW1KD072174	25 400 000 000
13.03.2018	21.07.2045	GS RK	RK Government	XS1263139856	5 788 800 000
13.03.2018	14.10.2044	GS RK	RK Government	XS1120709826	1 929 600 000
14.03.2018	21.07.2045	GS RK	RK Government	XS1263139856	3 863 760 000
14.03.2018	11.04.2018	GS RK	National Bank of RK	KZW1KD282195	104 108 300 800
15.03.2018	27.03.2018	GS RK	National Bank of RK	KZW1KD122201	14 100 000 000
15.03.2018	21.07.2045	GS RK	RK Government	XS1263139856	1 608 900 000
16.03.2018	14.10.2044	GS RK	RK Government	XS1120709826	1 613 600 000
19.03.2018		Ordinary shares*	Kazkommertsbank JSC	KZ1C00400016	195 509 222
19.03.2018	28.02.2025	USA GS	US Government	US9128283Z13	16 030 000 000
19.03.2018	26.03.2018	GS RK	National Bank of RK	KZW1KD072232	108 600 000 000

19.03.2018	21.07.2045	GS RK	RK Government	XS1263139856	2 404 500 000
19.03.2018	28.06.2018	USA GS	US Government	US912796PM50	32 060 000 000
19.03.2018	28.02.2023	USA GS	US Government	US9128284A52	32 060 000 000
20.03.2018	27.03.2018	GS RK	National Bank of RK	KZWI1KD072240	23 500 000 000
20.03.2018	13.08.2029	GS RK	RK Government	KZKDKY150118	20 000 000 000
26.03.2018	06.09.2018	USA GS	US Government	US912796PY98	31 926 000 000
26.03.2018	20.09.2018	USA GS	US Government	US912796PZ63	31 926 000 000
26.03.2018	02.04.2018	GS RK	National Bank of RK	KZWI1KD072257	96 157 026 900
27.03.2018	03.04.2018	GS RK	National Bank of RK	KZWI1KD072265	40 000 000 000
28.03.2018	25.04.2018	GS RK	National Bank of RK	KZWI1KD282286	116 280 306 200
29.03.2018	05.04.2018	GS RK	National Bank of RK	KZWI1KD072299	26 000 000 000
Total					1 132 553 042 322

* - convertation

Table 7. Information on financial instruments sale / convertation within reporting period

Transaction date	Transaction	Instrument	Emitter	ISIN	Amount KZT
14.03.2018	Sale	Preferred shares	BankCenterCredit JSC	KZ1P36280116	124 245 600
19.03.2018	Convert.	Preferred shares	Kazkommertsbank JSC	KZ1P00400211	207 977 354
Total					332 222 954

Table 8. Information on foreign banks deposits allocation within reporting period

Transaction Date	Maturity Date	Bank	KZT amount of transaction
29.03.2018	27.06.2018	Bank of Tokyo-Mitsubishi. LTD.	63 165 960 000
Total			63 165 960 000

Table 9. Information on principal redemptions within reporting period

ISIN	Instrument	Emitter	Date of actual redemption	KZT maturity amount
KZWI1KD072034	GS RK	National Bank of RK	02.03.2018	22 997 642 900
KZWI1KD072059	GS RK	National Bank of RK	05.03.2018	95 400 000 000
KZWI1KD281858	GS RK	National Bank of RK	07.03.2018	100 000 000 000
KZWI1KD072125	GS RK	National Bank of RK	12.03.2018	97 000 000 000
KZWI1KD122094	GS RK	National Bank of RK	13.03.2018	23 800 000 000
KZWI1KD122102	GS RK	National Bank of RK	14.03.2018	26 450 000 000
KZWI1KD281932	GS RK	National Bank of RK	14.03.2018	85 700 000 000
RU000A0JRCJ6	GS RF	RF Government	15.03.2018	2 260 000 000
XS0564087541	GS RF	RF Government	15.03.2018	1 610 250 000
KZWI1KD072166	GS RK	National Bank of RK	19.03.2018	107 900 000 000
KZWI1KD072174	GS RK	National Bank of RK	20.03.2018	25 400 000 000
KZWI1KD332016	GS RK	National Bank of RK	26.03.2018	94 255 546 300
KZWI1KD072232	GS RK	National Bank of RK	26.03.2018	108 600 000 000
US912796NX34	USA GS	US Government	26.03.2018	48 208 260 000
KZWI1KD122201	GS RK	National Bank of RK	27.03.2018	14 100 000 000
KZWI1KD072240	GS RK	National Bank of RK	27.03.2018	23 500 000 000
KZWI1KD282088	GS RK	National Bank of RK	28.03.2018	64 654 951 000
US912796LS66	USA GS	US Government	29.03.2018	61 889 880 000
Total				1 003 726 530 200

Table 10. Information on foreign banks deposit principal redemption within reporting period

Date of redemption	Date of closing	Bank	KZT maturity amount
12.03.2018	12.03.2018	Bank of Tokyo-Mitsubishi. LTD.	43 274 250 000
20.03.2018	20.03.2018	Bank of Montreal	43 245 900 000
30.03.2018	30.03.2018	Bank of Montreal	35 332 410 000
30.03.2018	27.10.2019	Capital Bank Kazakhstan JSC*	1 391 000 000
Total			123 243 560 000

* - partial redemption