

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

As of October 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 KZT20,950.201 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

<i>KZT bln</i>					
Description	Current Value as of 01.01.2024	Share as of 01.01.2024	Current Value as of 01.10.2024	Share as of 01.10.2024	Increase/Decrease from the beginning of the year
GS MF RK	8,289.48	46.55%	8,859.08	42.29%	6.87%
Foreign GS	22.36	0.13%	890.86	4.25%	3884.39%
IFO	359.46	2.02%	348.21	1.66%	-3.13%
Corporate bonds of RK issuers	14.01	0.08%	13.56	0.07%	-3.22%
Bonds of quasi-public organizations of RK	1,619.89	9.10%	1,950.77	9.31%	20.43%
Bonds of STB of RK	848.05	4.76%	953.89	4.56%	12.48%
PPN	7.23	0.04%	7.88	0.04%	8.94%
Shares and depository receipts of RK issuers	350.53	1.97%	377.22	1.80%	7.61%
Deposits	197.21	1.11%	25.98	0.12%	-86.83%
NBRK Deposits	876.66	4.92%	55.40	0.26%	-93.68%
Cash in investment accounts	48.34	0.27%	9.21	0.04%	-80.95%
REPO	26.71	0.15%	401.06	1.91%	1,401.72%
Index asset management, including:	5,146.10	28.90%	7,057.07	33.69%	37.13%
Assets of developed countries	1,644.24	9.23%	1,824.10	8.71%	10.94%
Assets of developing countries	1,122.87	6.31%	1,286.83	6.14%	14.60%
assets under external management	2,378.99	13.36%	3,946.14	18.85%	65.87%
under the emerging market bond mandate:					
Aviva Investors Global Services Limited	173.41	0.97%	248.31	1.19%	43.19%
by mandate of global shares:					
Invesco Asset Management Deutschland GmbH	170.5	0.96%	308.48	1.47%	80.93%
HSBC Global Asset Management (UK) Limited	311.96	1.75%	485.29	2.32%	55.56%
UBS Asset Management (UK) Ltd	226.16	1.27%	406.04	1.94%	79.54%
Blackrock Financial Management	176.62	0.99%	294.40	1.41%	66.69%
BlackRock Investment Management	116.41	0.65%	204.81	0.98%	75.94%
Robeco Institutional Asset Management B.V.	219.38	1.23%	315.18	1.50%	43.67%
under mandate of investment grade corporate bonds:					
Principal Global Investors (Europe) Limited	489.75	2.75%	557.75	2.66%	13.88%
PGIM Limited	494.79	2.78%	566.81	2.71%	14.56%
PIMCO Asia Pte Ltd	-	-	559.07	2.67%	100.00%
Total PA under fiduciary management of NBRK	17,806.03	100.00%	20,950.20	100.00%	17.66%
Cash in contribution and benefit payment accounts	38.97		13.08		
Total Pension Assets	17,845.01		20,963.28		17.47%

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.

As of October 01, 2024, the weighted average yield to maturity (YTM) of debt financial instruments in the investment portfolio of the UAPF PA amounted to 9.83% per annum, including 11.51% per annum for those denominated in tenge, and 4.50% per annum for those denominated in foreign currency.

Government securities of the Ministry of Finance of the Republic of Kazakhstan

The main share in the portfolio of the UAPF PA is occupied by government securities of the Ministry of Finance of the Republic of Kazakhstan, the current value of which decreased by KZT25.43 bln during the reporting month and amounted to KZT8,859.08 bln. Their share in the portfolio was 42.29%.

In the reporting period, there were no purchases or sales of securities of the Ministry of Finance of the Republic of Kazakhstan.

In the reporting month, government securities of the Republic of Kazakhstan were redeemed in the amount of KZT17.72 bln.

As of the reporting date, the average weighted yield to maturity on government securities of the Ministry of Finance of the Republic of Kazakhstan was 11.69% 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 decreased by KZT128.69 bln and amounted to KZT890.86 bln. Their share in the portfolio was 4.25%.

In the period under review, US government securities were purchased in the amount of KZT311.78 bln at par value with an average weighted yield of 4.92% per annum.

In the reporting month, US government securities were sold in the amount of KZT123.22 bln, and US government securities were redeemed in the amount of 318.02 bln.

The average weighted yield to maturity of foreign government securities in the liquidity sub-portfolio of the currency portfolio of the UAPF PA as of the reporting date was 4.97% per annum.

Bonds of international financial organizations

The current value of bonds of international financial organizations for the reporting month increased by KZT3.01 bln and amounted to KZT348.21 bln. Their share in the portfolio was 1.66%.

There were no purchases, sales or redemptions of securities of international financial organizations.

The average weighted yield to maturity on bonds of international financial organizations denominated in tenge, with a fixed interest rate, was 12.59% 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 second-tier banks of the Republic of Kazakhstan, with an average weighted maturity of 0.18 years, decreased by KZT124.96 bln during the reporting month and amounted to KZT25.98 bln. Their share in the portfolio was 0.12%.

In the reporting month, deposits of ForteBank JSC were repaid in the amount of KZT20.00 bln, Eurasian Bank JSC in the amount of KZT25.00 bln, Halyk Bank of Kazakhstan JSC in the amount of KZT55.00 bln, and First Heartland Jusan Bank JSC in the amount of KZT20.00 bln. There were no placements of deposits of STB of the Republic of Kazakhstan in the reporting month. The average weighted yield to maturity of deposits of STB of the Republic of Kazakhstan on the reporting date was 9.50% 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 was KZT55.40 bln. Their share in the portfolio was 0.26%.

In the reporting month, as part of current liquidity management in order to maintain the profitability of pension assets, investments were made in deposits of the National Bank of the

Republic of Kazakhstan. The average transaction volume was KZT27.14 bln with an average weighted yield of 13.25% per annum.

Corporate bonds of issuers of the Republic of Kazakhstan

The current value of corporate bonds of issuers of the Republic of Kazakhstan was KZT13.56 bln. Their share in the portfolio was 0.07%.

In the period under review, there were no purchases, sales or redemptions of corporate bonds of issuers of the Republic of Kazakhstan.

Bonds of quasi-public organizations of the Republic of Kazakhstan

The current value of bonds of quasi-public organizations of the Republic of Kazakhstan increased by KZT12.88 bln during the reporting month and amounted to KZT1,950.77 bln. Their share in the portfolio was 9.31%.

There were no purchases, sales or redemptions of securities of quasi-public organizations of the Republic of Kazakhstan in the period under review.

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 11.04% per annum, in US dollars - 5.49% 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 increased by KZT59.24 bln during the reporting month and amounted to KZT953.89 bln. Their share in the portfolio was 4.56%.

In the period under review, indexed bonds of Bank RBK JSC were purchased in the total amount of KZT79.95 bln at par value with an interest rate equal to the sum of inflation and risk premium of 5.85%.

In the reporting month, bonds of Bank RBK JSC were redeemed in the amount of KZT24.5 bln. There were no sales of bonds of STB RK in the reporting period.

As of the reporting date, the average weighted yield to maturity on bonds of STB RK was 10.45% per annum.

PPN (structured notes) of foreign issuers

The current value of PPN (structured notes) of foreign issuers in the reporting month was 7.88 bln. Their share in the portfolio was 0.04%.

There were no sales, redemptions or purchases of PPNs (structured notes) of 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 KZT10.67 bln and amounted to KZT377.22 bln. Their share in the portfolio amounted to 1.80%.

There were no purchases or sales of shares and depositary receipts of issuers of the Republic of Kazakhstan in the period under review.

Index asset management of the currency portfolio

Index asset management involves the formation of an investment portfolio in relation to a benchmark portfolio, which is a set of securities that reflect the investor's strategic interests. The yield of the benchmark portfolio serves as a measure for assessing the effectiveness of investment portfolio management. The benchmark portfolio is made up of indices developed and monitored by leading global financial companies or the NBRK.

According to the strategic distribution of the currency portfolio, index asset management is applied to the sub-portfolio of developed country bonds, the sub-portfolio of developing country bonds, the sub-portfolio of corporate bonds and the sub-portfolio of shares.

Index asset management is carried out both by the NBRK independently and with the involvement of foreign management companies. The NBRK carries out index management of the sub-portfolio of developed countries and part of the sub-portfolio of developing country bonds.

Developed Market Bond Sub-Portfolio

The current value of the developed countries bond sub-portfolio increased by 16.40 bln during the reporting month and amounted to 1,824.10 bln. Their share in the portfolio was 8.71%.

The benchmark portfolio for the developed countries bond sub-portfolio is the Custom Index (G502), consisting of US government securities with a maturity of up to 10 years, denominated in US dollars. As of October 1, 2024, this index includes 205 bond issues.

Emerging Markets Bond Sub-portfolio

The current value of the developing countries bond sub-portfolio increased by KZT19.30 bln during the reporting month and amounted to KZT1,535.14 bln. Their share in the portfolio was 7.33%.

The benchmark portfolio for the sub-portfolio of bonds of developing countries is the Custom Index (Q979), consisting of bonds denominated in US dollars, issued by developing countries with a rating of at least "BB". As of October 1, 2024, this index includes 416 bond issues denominated in US dollars, issued by 29 developing countries.

Sub-portfolio of corporate bonds

The current value of the sub-portfolio of corporate bonds for the reporting month increased by KZT355.73 bln and amounted to KZT1,683.63 bln. Their share in the portfolio was 8.04%. During the reporting period, part of the pension assets of the UAPF was transferred to the management of PIMCO Asia Pte Ltd in the amount of 700.00 million US dollars.

The benchmark portfolio for the sub-portfolio of corporate bonds is the Custom Index (Q980), consisting of corporate securities denominated in US dollars, issued by residents of developed and developing countries with high capitalization and a rating of at least "BBB". As of October 1, 2024, this index includes 7,405 bond issues issued by 1,300 issuers.

Equity sub-portfolio

The current value of the equity sub-portfolio increased by KZT84.25 bln over the reporting month and amounted to KZT2,014.20 bln. Their share in the portfolio was 9.61%. During the reporting period, part of the pension assets of the UAPF was transferred to the management of UBS Asset Management (UK) Ltd in the amount of USD 70.00 million.

The benchmark portfolio for the equity sub-portfolio is the Custom MSCI World Index, which consists of shares of companies from developed countries. As of October 1, 2024, this index includes 1,366 shares of companies with large and mid-capitalization, related to 23 developed countries. The main share of the index, 74.1%, is occupied by shares of US companies. The index also includes shares of countries such as Japan, Great Britain, France, Canada, and others.

Currency structure

The investment portfolio of financial instruments by currencies in which the 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 40% for the diversification of the investment portfolio, USD500.00 mln were purchased on the Kazakhstan Stock Exchange.

Table 2. Structure of the investment portfolio of PA UAPF, which are in trust management of the NBRK, by currency

Currency	Current Value as of 01.01.2024	Share as of 01.01.2024	Current Value as of 01.10.2024	Share as of 01.10.2024	KZT bln
					Increase/Decrease from the beginning of the year
National Currency	12,161.38	68.30%	12,735.69	60.79%	4.72%

US dollar	5,639.89	31.67%	8,213.12	39.20%	45.63%
Other currencies	4.76	0.03%	1.39	0.01%	-70.77%
Total:	17,806.03	100.00%	20,950.20	100.00%	17.66%

Investment Results

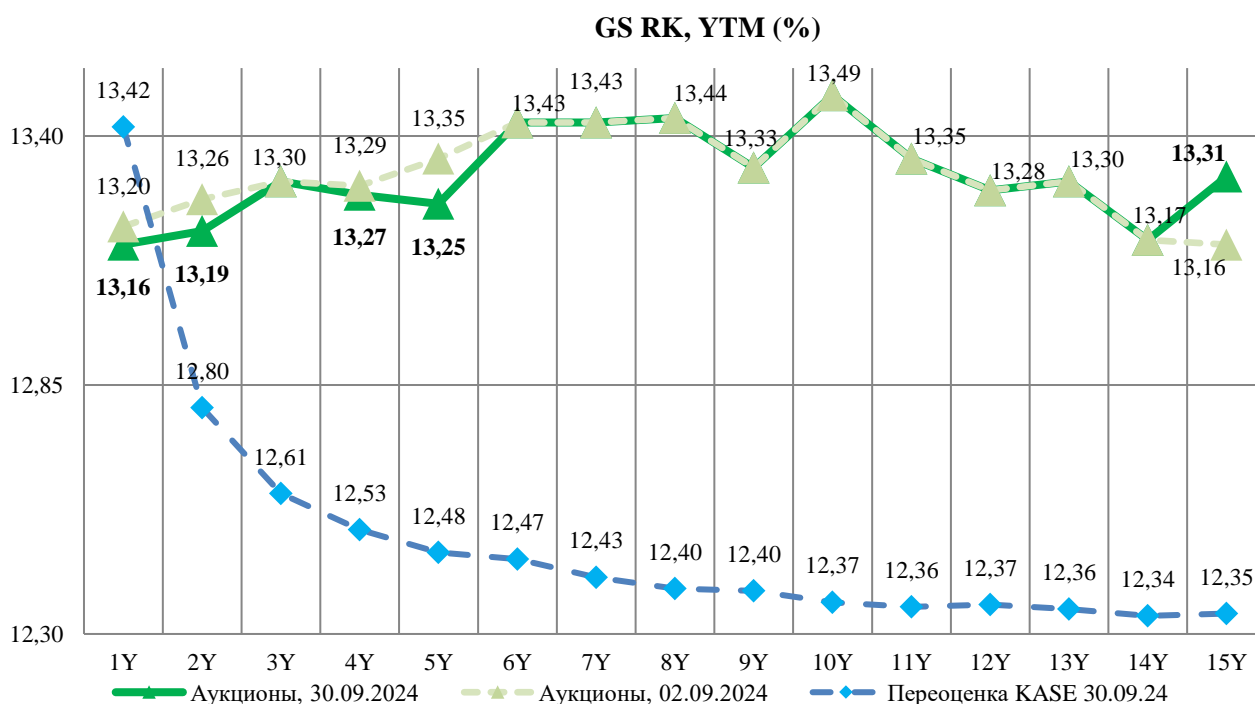
As a result of investment activities, as well as due to the volatility of foreign exchange rates and changes in the market value of financial instruments, the amount of accrued investment income since the beginning of 2024 amounted to KZT2.12 trln.

As of October 1, 2024, the return on UAPF pension assets for the last 12 months, distributed to the accounts of contributors (beneficiaries), amounted to 12.47% with inflation of 8.30%. The return on UAPF pension assets distributed to the accounts of contributors (beneficiaries) from the beginning of 2024 amounted to 11.22%.

In September 2024, the next meeting of the Federal Reserve System was held, where the issue regarding the level of the base rate was decided. Against the backdrop of deteriorating labor market data and progress in reducing the inflation rate to the target value, a decision was made to reduce the base rate by 50 bp. Thus, the base rate corridor was formed at the levels of 4.75-5.00%. By the end of 2024, market participants expect two more rate cuts of 25 bps. Monthly inflation in the US in September was 0.2% (0.2% in August), but decreased year-on-year to 2.4% (2.5% in August). Non-farm payrolls growth in September turned out to be higher than expected amounting to 254 thousand jobs, the unemployment rate decreased from 4.2% to 4.1%.

As a result, benchmark 10-year US Treasury yields fell by 5 bps in September. Emerging market bond spreads narrowed by 18 bps, while corporate bond spreads narrowed by 4 bps. At the same time, the MSCI World stock index rose by 1.74%.

At auctions for the placement of Kazakh government securities in August, yields at the near end of the curve were slightly reduced amid the NBRK's decision to keep the base rate at 14.25%. At the same time, in September, inflation slowed to 8.3% per annum (8.4% in August) or 0.4% for September (0.6% in August). The average demand at auctions of GS of the RK exceeded the supply by 2.6 times, where the main demand was concentrated on short-term placements of GS of the RK. At the same time, there is a decrease in the volume of borrowing by the MFRK from KZT330 bln in August to KZT224 bln in September.



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

KZT bln

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	1,166.96
Income (loss) from market revaluation of securities	98.86
Income (loss) from foreign currency revaluation	227.98
Income (loss) on assets under external management	620.16
Other income (losses)	2.81
Total	2,116.77

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 October 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	0.00%	yes
	Cash in foreign currency	0.28%	yes
1	Kazakhstani issuers:	57.96%	
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	42.29%	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	0.26%	yes
1.3	Securities of the quasi-public sector entities	10.67%	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:	4.44%	yes
1)	Debt securities	4.24%	yes
2)	Equity securities	0.07%	yes
3)	Deposits	0.12%	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	0.31%	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:	37.14%	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

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	21.40%	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	6.29%	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	9.41%	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	0.00%	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	0.53%	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 Treasury	311,783,000,000
Bonds	KZT	Bank RBK JSC	79,945,000,000
Total			391,728,000,000

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

Instrument	Currency	Issuer	Transaction amount in KZT
US GS	USD	US Treasury	123,219,672,397
Total			123,219,672,397

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

Instrument	Currency	Issuer	Amount to be repaid in KZT
US GS	USD	US Treasury	318,018,990,000
GS RK	KZT	MF RK	17,721,815,000
Bonds	KZT	Bank RBK JSC	24,496,700,000
Total			360,237,505,000

Table 8. Information on repayments of principal on deposits in the reporting month

Instrument	Currency	Issuer	Amount to be repaid in KZT
Deposit	KZT	Halyk Bank of RK JSC	55,000,000,000
Deposit	KZT	ForteBank JSC	20,000,000,000
Deposit	KZT	Eurasian Bank JSC	25,000,000,000
Deposit	KZT	First Heartland Jusan Bank JSC	20,000,000,000
Total			120,000,000,000