

## Information of the Pension Assets Investment Management of the Unified Accumulative Pension Fund Joint Stock Company (UAPF JSC)

As of January 01, 2021 UAPF JSC pension assets (hereinafter referred to as PA) under fiduciary management of the National Bank of RK (hereinafter, NBRK) amounted to KZT 12,894.60 bln<sup>1</sup>.

Structure of UAPF PA investment portfolio is presented 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*

Name	Current Value as of 01/01/2020	Share as of 01/01/2020	Current Value as of 01/01/2021	Share as of 01/01/2021	Increase/Decrease from the Beginning of the Year
Government securities of MF RK	3,924.29	36.34%	5,648.40	43.80%	43.93%
Notes of NB RK	443.71	4.11%	81.65	0.63%	-81.60%
Foreign government securities	1,235.06	11.44%	1,280.10	9.93%	3.65%
IFO	361.70	3.35%	531.43	4.12%	46.93%
Corporate bonds of RK issuers	28.49	0.26%	29.80	0.23%	4.58%
Bonds of quasi-public organizations of RK	1,604.96	14.86%	1,821.67	14.13%	13.50%
Bonds of second tier banks of RK	1,183.29	10.96%	1,158.49	8.98%	-2.10%
Corporate bonds of foreign issuers	9.33	0.09%	6.89	0.05%	-26.21%
Bonds of foreign quasi-public organizations	232.50	2.15%	256.44	1.99%	10.29%
PPN	30.80	0.29%	33.34	0.26%	8.25%
Shares and depository receipts of RK issuers	239.36	2.22%	294.31	2.28%	22.96%
Shares and depository receipts of foreign issuers	29.03	0.27%	30.50	0.24%	5.06%
Deposits	254.91	2.36%	251.71	1.95%	-1.25%
NBRK Deposits	138.00	1.28%	332.19	2.58%	140.72%
Deposits in foreign banks	328.42	3.04%	282.90	2.19%	-13.86%
SWAP	18.40	0.17%	-	0.00%	-100.00%
Cash on investment accounts	510.67	4.73%	12.02	0.09%	-97.65%
Other assets (accounts receivable <sup>2</sup> , past-due accounts, provisions)	13.49	0.12%	0.00	0.00%	-100.00%
REPO	-	-	26.25	0.20%	
Assets under external management	211.89	1.96%	816.53	6.33%	285.36%
<b>Total PA under fiduciary management of NBRK</b>	<b>10,798.31</b>	<b>100.00%</b>	<b>12,894.60</b>	<b>100.00%</b>	<b>19.41%</b>
Cash on investment accounts for settlement of transactions					
Cash on contribution and benefit payment accounts	10.90		22.51		
<b>Total Pension Assets</b>	<b>10,809.21</b>		<b>12,917.11</b>		<b>19.50</b>

Average yield to maturity of debt financial instruments in the Fund's PA investment portfolio as of January 01, 2021 is 7.7% including those nominated in KZT – 9.3% and nominated in foreign currency – 2.4% per annum.

<sup>1</sup> less cash on contribution and benefit payment accounts.

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

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

The main part of UAPF PA portfolio is occupied by the Government Securities of the Ministry of Finances of RK with the current value of KZT 5,648.40 bln increasing by KZT 27.19 bln. Their share in the portfolio amounted to 43.80%.

Within the period the Government Securities of the Ministry of Finances of RK denominated in KZT were sold in amount of KZT 53.35 bln (decrease in current value occurred in the previous month). In the reporting month, there was also redemption of GS of the Ministry of Finances of RK in amount of KZT 10.00 bln. No GS of the Ministry of Finances of RK were acquired.

As of the reporting date, the average yield to maturity of KZT nominated government securities of RK in UAPF PA portfolio is 8.8% per annum, while those nominated in USD – 4.4% per annum.

### **Notes of the National Bank of the Republic of Kazakhstan**

The current value of the notes of the National Bank of the Republic of Kazakhstan as of the reporting date amounted to KZT 81.65 bln. Their share in the portfolio was 0.63%.

In the period under review, there were no sales, redemptions and purchases of notes of the National Bank of the Republic of Kazakhstan.

### **Foreign government securities**

The current value of government securities of foreign states for the reporting month increased by KZT 10.25 bln and amounted to KZT 1,280.10 bln. Their share in the portfolio was 9.93%.

In the period under review, US government securities were sold for a total amount of KZT 20.57 bln. There were no repayments of government securities of foreign countries.

In the period under review, short-term US government securities were purchased in the amount of KZT 42.70 bln with a yield of 0.08% per annum.

The weighted average yield to maturity of the foreign government securities in the UAPF PA portfolio as of the reporting date was 1.03% per annum.

### **Bonds of international financial organizations**

The current value of bonds of international financial organizations for the reporting month increased by KZT 42.55 bln and amounted to KZT 531.43 bln. Their share in the portfolio was 4.12%.

In the period under review, securities of the European Bank for Reconstruction and Development were purchased in the amount of KZT 45.00 bln at par with a yield equal to inflation and a premium of 2.00% per annum.

There were no sales and redemption 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 9.8% per annum, with an indexed interest rate - inflation and premium, and in US dollars - 5.0% per annum.

### **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 3.69 years increased by KZT 1.90 bln during the reporting month and amounted to KZT 251.71 bln. Their share in the portfolio was 1.95%.

There were no placements and redemption of deposits in STBs of the Republic of Kazakhstan.

The weighted average yield to maturity of deposits of STB RK as of the reporting date was 9.1% per annum.

### **Deposits in foreign banks**

The current value of deposits in foreign banks as of the reporting date amounted to KZT 282.90 bln. Their share in the portfolio was 2.19%.

In the reporting month, deposits in foreign banks were repaid for the total amount of KZT 206.48 bln.

In the reporting period, in order to maintain the return of the foreign exchange portfolio, deposits in foreign banks denominated in US dollars were placed in the amount of KZT 282.33 bln with an average weighted yield of 0.27% per annum and maturity from 1 to 3 months.

#### **Deposits in the National Bank of the Republic of Kazakhstan**

The current value of deposits with the National Bank of the Republic of Kazakhstan as of the reporting date amounted to KZT 332.19 bln. Their share in the portfolio was 2.58%.

In the reporting month, within the framework of current liquidity management in order to maintain return on pension assets, investments were made in the deposits of the National Bank of the Republic of Kazakhstan. The average volume of transactions amounted to KZT 123.50 bln with an average weighted yield of 8.07% per annum.

#### **Corporate bonds of issuers of the Republic of Kazakhstan**

The current value of corporate bonds of RK issuers for the reporting month increased by KZT 0.45 bln and amounted to KZT 29.80 bln. Their share in the portfolio was 0.23%.

There were no purchases, redemptions and sales of corporate bonds of RK 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 KZT 42.40 bln and amounted to KZT 1,821.67 bln. Their share in the portfolio was 14.13%.

In the period under review, within the framework of early repurchase by the issuer, part of the bonds of the National Welfare Fund Samruk-Kazyna JSC was sold in the amount of KZT 64.30 bln. There were no redemptions of securities of quasi-public organizations of the Republic of Kazakhstan.

In the reporting period, the following financial instruments were purchased:

- bonds of the Samruk-Kazyna National Welfare Fund JSC in the amount of KZT 50.51 bln at par with a yield of 10.90% per annum;
- bonds of the Baiterek National Managing Holding JSC in the amount of KZT 46.49 bln at par with an average weighted yield of 11.30% per annum;
- within the framework of the lending mechanism for priority projects (“the economy of simple things”), the implementation of which is carried out through STBs of the Republic of Kazakhstan and Agrarian Credit Corporation JSC, bonds of Agrarian Credit Corporation JSC in the amount of KZT 7.57 bln were purchased with a yield of 11.75% per annum.

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 10.8% per annum, in US dollars - 5.20% per annum.

#### **Bonds of second-tier banks of the Republic of Kazakhstan**

The current value of bonds of STB RK for the reporting month increased by KZT 7.86 bln and amounted to KZT 1,158.49 bln. Their share in the portfolio was 8.98%.

In the reporting period, within the framework of early repurchase, the issuer sold bonds of AsiaCredit Bank (AsiaCredit Bank) JSC in the amount of KZT 4.17 bln. There were no redemptions of bonds of STB RK.

In the reporting period, within the framework of the lending mechanism for priority projects (“the economy of simple things”), the implementation of which is carried out through STBs of the Republic of Kazakhstan and Agrarian Credit Corporation JSC, bonds of Bank RBK JSC in the amount of KZT 13.27 bln were purchased with a yield of 11.85% per annum.

As of the reporting date, the weighted average yield to maturity on bonds of STB RK denominated in tenge amounted to 10.1% per annum, in US dollars - 6.3% per annum.

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

The current value of corporate bonds of foreign issuers for the reporting month increased by KZT 0.04 bln and amounted to KZT 6.89 bln. Their share in the portfolio was 0.05%.

In the reporting period, there were no purchases, redemptions and sales of corporate bonds of foreign issuers.

The weighted average yield to maturity of corporate bonds of foreign issuers in the UAPF PA portfolio as of the reporting date was 8.0% per annum.

#### **Foreign bonds of the quasi-public sector**

The current value of bonds of foreign issuers of the quasi-public sector for the reporting month decreased by KZT 1.97 bln and amounted to KZT 256.44 bln. Their share in the portfolio was 1.99%.

In the reporting period, there were no purchases, sales and redemption of bonds of foreign issuers of the quasi-public sector.

The weighted average yield to maturity of bonds of foreign issuers of the quasi-public sector in the UAPF PA portfolio as of the reporting date was 4.6% per annum.

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

The current value of PPN (structured notes) of foreign issuers in the reporting month amounted to KZT 33.34 bln. Their share in the portfolio was 0.26%.

There were no sales, redemptions or purchases of PPNs (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 RK issuers for the reporting month increased by KZT 14.53 bln and amounted to KZT 294.31 bln. Their share in the portfolio was 2.28%.

There were no purchases and sales of shares and depositary receipts of RK issuers.

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

The current value of shares and depositary receipts of foreign issuers for the reporting month increased by KZT 1.92 bln and amounted to KZT 30.50 bln. Their share in the portfolio was 0.24%.

In the reporting period, there were no sales, as well as purchases of shares and depositary receipts of foreign issuers.

#### **Currency structure**

The investment portfolio of financial instruments broken down by currencies in which financial instruments purchased using the UAPF's pension assets are denominated is presented in Table 2.

In the reporting period, there were no sale and purchase transactions with foreign currency on the Kazakhstan Stock Exchange.

**Table 2. Structure of UAPF PA investment portfolio under fiduciary management of NBRK, by currencies**  
KZT bln

Currency	Current Value as of 01/01/2020	Share as of 01/01/2020	Current Value as of 01/01/2021	Share as of 01/01/2021	Increase/Decrease from the Beginning of the Year
National Currency	7,201.0	66.69%	9,143.27	70.91%	26.97%
US dollar	3,261.36	30.20%	3 726.85	28.90%	14.27%
Russian ruble	33.45	0.31%	17.48	0.14%	-47.74%
Other currencies	302.50	2.80%	7.00	0.05%	-97.69%
<b>Total:</b>	<b>10,798.31</b>	<b>100.00%</b>	<b>12,894.60</b>	<b>100.00%</b>	<b>19.41%</b>

#### **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 from the beginning of 2020 amounted to KZT 1.3 trln. The return on pension assets of the UAPF, distributed to the accounts of contributors (beneficiaries) for 2020, amounted to 10.92% with inflation of 7.50%. Thus, the real return on the UAPF's pension assets amounted to 3.42%.

The structure of accrued investment income for the specified period is presented in Table 3.

**Table 3. Structure of investment income received by UAPF PA, which are in fiduciary management of the NBRK**

KZT bln

Description	Investment return from the beginning of 2020
Incomes in the form of interest on securities, including placed deposits and reverse repurchase transactions	831.68
Positive / negative adjustment from market revaluation of securities	85.76
Positive / negative adjustment from revaluation of foreign currency	291.02
Positive / negative adjustment from revaluation of other assets (OFI)	- 5.49
Positive / negative adjustment from external management	50.25
Other	9.28
<b>Total:</b>	<b>1,262.50</b>

**Information on compliance with investment declaration parameters**

The structural distribution of UAPF PA under fiduciary management complies with requirements of the UAPF Investment Declaration<sup>3</sup>. Shares of FX positions are within permitted levels and do not violate requirements of the UAPF Investment Declaration. Information on compliance with UAPF PA investment limits as of January 01, 2021 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)
	<b>Cash KZT</b>	<b>0.01%</b>	<b>yes</b>
	<b>Cash in foreign currency</b>	<b>0.08%</b>	<b>yes</b>
<b>1</b>	<b>Kazakhstani issuers:</b>	<b>72.13%</b>	
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	44.44%	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	2.58%	yes
1.3	Securities of the quasi-public sector entities	15.22%	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:	9.58%	yes
1)	Debt securities	7.01%	yes
2)	Equity securities	0.78%	yes
3)	Deposits	1.79%	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	0.02%	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	0.30%	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
<b>2</b>	<b>Foreign Issuers</b>	<b>24.75%</b>	<b>yes</b>

<sup>3</sup> 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

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	14.90%	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	5.34%	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	2.05%	yes
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	2.19%	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	0.26%	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	0.06%	yes

No.	Financial Instrument Type	Actual Value (% of PA)	Performance (Yes / No)
1	Derivative financial instruments, including:	0.0%	yes
1.1	Derivative financial instruments used to hedge investment risk	0.0%	yes
1.2	Derivative financial instruments used for investment purposes	0.0%	yes
1.3	Gold in bars and AU metallic accounts	0.0%	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	Transaction Amount, KZT
Bonds	KZT	Samruk-Kazyna National Welfare Fund JSC	50,507,605,000
Bonds	KZT	Baiterek National Managing Holding JSC	46,489,000,000
Bonds	KZT	European Bank for Reconstruction and Development	45,000,000,000
US GS	USD	US Government	42,700,260,000
Bonds	KZT	Bank RBK JSC	13,265,414,000
Bonds	KZT	Agrarian Credit Corporation JSC	7,567,724,000
<b>Total</b>			<b>205,530,003,000</b>

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

Instrument	Currency	Issuer	Transaction Amount, KZT
Bonds	KZT	Samruk-Kazyna National Welfare Fund JSC	64,304,380,000
GS RK	KZT	Government of RK	53,347,612,000
US GS	USD	US Government	20,572,898,494
Bonds	KZT	AsiaCredit Bank JSC	4,165,164,250
<b>Total</b>			<b>142,390,054,744</b>

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

Instrument	Currency	Issuer	Transaction Amount, KZT
GS RK	KZT	Government of RK	10,000,000,000
<b>Total</b>			<b>10,000,000,000</b>

**Table 8. Information on placements in deposits of foreign banks in the reporting month**

Instrument	Currency	Bank	Transaction Amount, KZT
Deposit	USD	DBS Bank	125,727,000,000
Deposit	USD	Bank of Nova Scotia	67,819,640,000
Deposit	USD	ING Bank	46,707,690,000
Deposit	USD	Societe Generale	42,079,000,000
<b>Total</b>			<b>282,333,330,000</b>

**Table 9. Information on repayment of the principal debt on deposits in the reporting month**

Instrument	Currency	Bank	Amount to be Paid, KZT
Deposit	USD	ING Bank	88,802,700,000
Deposit	USD	Bank of China	67,441,600,000
Deposit	USD	Bank of Tokyo-Mitsubishi	50,235,600,000
<b>Total</b>			<b>206,479,900,000</b>