

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

As of September 01, 2020 UAPF JSC pension assets (hereinafter referred to as PA) under fiduciary management of the National Bank of RK (hereinafter, NBRK) amounted to KZT 12,242.2 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 01/09/2020	Share as of 01/09/2020	Increase/Decrease from the Beginning of the Year
Government securities of MF RK	3,924.29	36.34%	5,234.59	42.76%	33.39%
Notes of NB RK	443.71	4.11%	90.97	0.74%	-79.50%
Foreign government securities	1,235.06	11.44%	1,160.23	9.48%	-6.06%
IFO	361.70	3.35%	425.34	3.47%	17.60%
Corporate bonds of RK issuers	28.49	0.26%	28.56	0.23%	0.25%
Bonds of quasi-public organizations of RK	1,604.96	14.86%	1,740.02	14.21%	8.42%
Bonds of second tier banks of RK	1,183.29	10.96%	1,175.37	9.60%	-0.67%
Corporate bonds of foreign issuers	9.33	0.09%	9.12	0.07%	-2.32%
Bonds of foreign quasi-public organizations	232.50	2.15%	255.54	2.09%	9.91%
PPN	30.80	0.29%	33.25	0.27%	7.95%
Shares and depository receipts of RK issuers	239.36	2.22%	271.53	2.22%	13.44%
Shares and depository receipts of foreign issuers	29.03	0.27%	26.22	0.21%	-9.69%
Deposits	254.91	2.36%	252.04	2.06%	-1.13%
NBRK Deposits	138.00	1.28%	373.38	3.05%	170.56%
Deposits in foreign banks	328.42	3.04%	555.66	4.54%	69.19%
SWAP	18.40	0.17%	-	0.00%	-100.00%
Cash on investment accounts	510.67	4.73%	14.45	0.12%	-97.17%
Other assets (accounts receivable <sup>2</sup> , past-due accounts, provisions)	13.49	0.12%	5.02	0.04%	-62.76%
REPO	-	-	17.14	0.14%	
Assets under external management	211.89	1.96%	573.79	4.69%	170.80%
<b>Total PA under fiduciary management of NBRK</b>	<b>10,798.31</b>	<b>100.00%</b>	<b>12,242.22</b>	<b>100.00%</b>	<b>13.37%</b>
Cash on investment accounts for settlement of transactions					
Cash on contribution and benefit payment accounts	10.90		2.68		
<b>Total Pension Assets</b>	<b>10,809.21</b>		<b>12,244.90</b>		<b>13.28%</b>

<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.

Average yield to maturity of debt financial instruments in the Fund's PA investment portfolio as of September 01, 2020 is 7.5% including those nominated in KZT – 9.3% and nominated in foreign currency – 2.4% per annum.

### **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 5,234.59 bln increasing by KZT 173.69 bln. Their share in the portfolio amounted to 42.76%.

In the reporting period the Government Securities of the Ministry of Finances of RK nominated in KZT were acquired in amount of KZT 158.60 bln with yield to maturity 10.52% per annum. No sales and redemptions took place in the period.

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 RK National Bank as of reporting date amounted to KZT 90.97 bln. Their share is 0.74%.

In the reporting period there was redemption of the Notes of the National Bank of the Republic of Kazakhstan in total amount of KZT 61.80 bln. There were no sales and acquisitions of notes of the National Bank of the Republic of Kazakhstan.

### **Foreign Government Securities**

The current value of bonds of Foreign Government Securities for the reporting month decreased by KZT 175.26 bln and amounted to KZT 1,160.23 bln. Their share in the portfolio is 9.48%.

In the period under review, US government securities were redeemed in the amount of KZT 181.67 bln. There were no sales and purchases of the foreign government securities in the period.

As of reporting date the average weighted yield to maturity of the Foreign Government Securities in UAPF's PA portfolio came to 1.13% per annum.

### **Bonds of International Financial Organizations**

The current value of bonds of International Financial Organizations for the reporting month increased by KZT 62.1 bln and amounted to KZT 425.34 bln. Their share in the portfolio is 3.47%.

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

- bonds of the European Bank for Reconstruction and Development in the amount of KZT 41.42 bln at par with a yield equal to inflation and a premium of 2.00% per annum;
- bonds of the Eurasian Development Bank in the amount of KZT 19.30 bln at par with a yield of 11.00% per annum.

There were no sales, and redemptions of securities of International Financial Organizations.

The average weighted yield to maturity of the bonds of the International Financial Organizations nominated in KZT, with a fixed interest rate of 9.8% per annum; with an indexed interest rate - inflation and premium, nominated in USD – 5.0%.

### **Deposits in the Second-Tier Banks of the Republic of Kazakhstan**

The current value of deposits in second-tier banks of RK with a weighted average maturity period of 4.03 years in the reporting month decreased by KZT 0.82 bln and amounted to KZT 252.04 bln. Their share in the portfolio is 2.06%.

There were no allocations and redemptions of the deposits of STB RK.

The weighted average yield to maturity of deposits of second-tier banks of RK as of the reporting date is 9.1% per annum.

### **Deposits in foreign banks**

The current value of deposits in foreign banks for the reporting period amounted to KZT 555.66 bln. Their share in the portfolio was 4.54%.

In the reporting month, deposits in foreign banks were repaid in the total amount of KZT 102.64 bln.

In the period under review, in order to maintain the yield of the foreign exchange portfolio, deposits in foreign banks denominated in US dollars were placed in the amount of KZT 225.78 bln with an average weighted yield of 0.31% per annum with maturity from 3 to 4 months.

#### **Deposits in the National Bank of RK**

The current value of deposits with the National Bank of Kazakhstan as of the reporting date amounted to KZT 373.38 bln. Their share in the portfolio was 3.05%.

In the reporting month, as part of the management of current liquidity, in order to maintain the yield 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 187.55 bln with a weighted average yield of 7.99% per annum.

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

The current value of corporate bonds of Kazakhstan issuers for the reporting month increased by KZT 6.25 bln and amounted to KZT 28.56 bln. Their share in the portfolio was 0.23%.

In the period under review, the principal debt on bonds of Ecoton + JSC was repaid in the amount of KZT 0.15 bln. There were no purchases and sales of corporate bonds of RK issuers.

#### **Bonds of quasi-public organizations of the Republic of Kazakhstan**

The current value of the bonds of RK quasi-public organizations in the reporting month increased by KZT 23.75 bln and amounted to KZT 1,740.02 bln. Their share in the portfolio amounted to 14.21%.

In the reporting period, in accordance with the maturity specified in the prospectus, the principal debt on the bonds of 'Kazakhstan Mortgage Company' Mortgage Organization JSC in the amount of KZT 5.01 bln was repaid. There were no sales of securities of bonds of quasi-governmental organizations of the Republic of Kazakhstan.

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 Agrarian Credit Corporation JSC in the amount of KZT 16.17 bln were purchased with a yield 11.75% per annum.

As of the reporting date, the weighted average yield to maturity on bonds of quasi-governmental organizations of the Republic of Kazakhstan, denominated in tenge, was 10.5% per annum, in US dollars - 4.80% per annum.

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

The current value of the bonds of the second-tier banks of RK decreased by KZT 3.10 bln and amounted to KZT 1,175.37 bln. Their share in the portfolio is 9.60%.

There were no purchases, sales, and redemption of bonds of STB RK.

As of the reporting date, the weighted average yield to maturity on bonds of STB RK denominated in KZT amounted to 10.0% per annum, in US dollars - 6.4% per annum.

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

The current value of the corporate bonds of foreign issuers in the report period amount decreased by KZT 0.12 bln and amounted to KZT 9.12 bln. Their share in the portfolio amounted to 0.07%.

Within the reporting period there were no acquisitions, redemptions, sales of the corporate bonds of foreign issuers.

The weighted average yield to maturity of the corporate bonds of foreign issuers in UAPF PA portfolio as of the reporting date is 7.7% per annum.

### **Bonds of the quasi-public sector foreign issuers**

The current value of the bonds of foreign quasi-public organizations in the reporting month increased by KZT 0.61 bln and amounted to KZT 255.54 bln. Their share in the portfolio is 2.09%.

Within the reporting period there were no acquisitions, redemptions, and sales of the corporate bonds of foreign quasi-public organizations.

The weighted average yield to maturity of the bonds of foreign quasi-public organizations in UAPF PA portfolio is 4.6%

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

The current value of PPN of foreign issuers in the reporting period came to KZT 33.25 bln. Their share in the portfolio amounted to 0.27%.

There were no acquisitions, redemptions, and sales of foreign PPN (structured notes).

### **Shares and depository receipts of issuers of the Republic of Kazakhstan**

The current value of shares and depository receipts of RK issuers in the report period increased by KZT 0.46 bln and amounted to KZT 271.53 bln. Their share in the portfolio came to 2.22%.

No sales of the shares and depository receipts of RK issuers took place in the reporting period.

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

The current value of shares and depository receipts of foreign issuers in the reporting month decreased by KZT 0.01bln and amounted to 26.22 bln. Their share in portfolio amounted to 0.21%.

In the reporting period there were no sales and acquisitions of the shares and depository receipts of foreign issuers.

### **FX structure**

UAPF PA investment portfolio of financial instruments by currencies in which the financial instruments nominated is presented in Table 2.

In the reporting period, transactions of purchase and sale with foreign currency on the Kazakhstan Stock Exchange were not concluded.

**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 01/09/2020	Share as of 01/09/2020	Increase/Decrease from the Beginning of the Year
National Currency	7,201.0	66.69%	8,535.96	69.73%	18.54%
US dollar	3,261.36	30.20%	3,680.90	30.07%	12.86
Russian ruble	33.45	0.31%	17.21	0.14%	-48.55%
Other currencies	302.50	2.80%	8.15	0.07%	-97.30%
<b>Total:</b>	<b>10,798.31</b>	<b>100.00%</b>	<b>12,242.22</b>	<b>100.00%</b>	<b>13.37%</b>

### **Investment results**

The investment return from the beginning of the year amounted to KZT 897.71 bln in result of PA investment activity as well as due to FX volatility and change of the market value of financial instruments. The return on UAPF pension assets distributed to the accounts of contributors (beneficiaries) since the beginning of 2020 amounted to 7.88% with the inflation rate of 4.60%. Thus, the real return on the UAPF's pension assets was 3.28%.

At this, as of September 1, 2020, the return on pension assets for the past 12 months (from September 2019 to August 2020) for UAPF contributors (beneficiaries) 10.08% with inflation of 7.00%. Thus, over the past 12 months, the real return on pension assets of UAPF amounted to 3.08%

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

**Table 3. Structure of investment return on UAPF PA under fiduciary management of 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	544.21
Incomes (losses) from market revaluation of securities	9.19
Incomes (losses) from foreign currency revaluation	283.16
Incomes (losses) from other assets revaluation	-5.49
Incomes (losses) from assets under external management	62.68
Other incomes (losses)	3.96
<b>Total:</b>	<b>897.71</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 September 01, 2020 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>0.02%</b>	<b>yes</b>
	<b>Cash in foreign currency</b>	<b>0.10%</b>	<b>yes</b>
<b>1</b>	<b>Kazakhstani issuers:</b>	<b>71.96%</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	43.50%	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	3.05%	yes
1.3	Securities of the quasi-public sector entities	15.32%	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:	9.78%	yes
1)	Debt securities	7.11%	yes
2)	Equity securities	0.77%	yes
3)	Deposits	1.89%	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	0.29%	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>24.22%</b>	<b>yes</b>
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	13.86%	yes
2.2.	Municipal securities as part of investing in government and agent securities	0.0%	yes

<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

2.3	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	4.30%	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	1.26%	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	4.54%	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	0.27%	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 acquisitions, sales and redemptions of the financial instruments  
in UAPF PA Investment Portfolio**

**Table 5. Information on financial instruments acquired in the reporting month**

Instrument	Currency	Emitter	Nominal Value in KZT
GS RK	KZT	Government of RK	158,600,000,000.00
Bonds	KZT	European Bank for Reconstruction and Development	41,416,666,666.00
Bonds	KZT	Eurasian Development Bank	19,300,000,000.00
Bonds	KZT	Agrarian Credit Corporation JSC	16,167,630,000.00
<b>Total</b>			<b>235,484,296,666.00</b>

**Table 6. Information on the repayment of the principal debt for securities in the reporting period**

Instrument	Currency	Emitter	Amount Repayable in KZT
USGS	USD	US Government	181,672,780,000.00
GS RK	KZT	The National Bank of RK	61,799,564,400.00
Bonds	KZT	‘Kazakhstan Mortgage Company’ Mortgage Organization JSC	5,013,000,000.00
Bonds	KZT	ECOTON+ JSC	145,440,000.00
<b>Total</b>			<b>248,630,784,400.00</b>

**Table 7. Information on placements in deposits of foreign banks in the reporting month**

Instrument	Currency	Bank	Amount of Transaction in KZT
Deposit	USD	Bank of China	66,907,200,000.00
Deposit	USD	Bank of Tokyo-Mitsubishi	62,713,500,000.00
Deposit	USD	DBS Bank	54,355,600,000.00
Deposit	USD	Credit Agricole	41,806,000,000.00
<b>Total</b>			<b>225,782,300,000.00</b>

**Таблица 8. Сведения по погашениям основного долга по Depositам в отчетном месяце**

Вид инструмента	Валюта	Наименование банка	Сумма к погашению в тенге
Deposit	USD	Bank of Tokyo-Mitsubishi	62,922,000,000.00
Deposit	USD	Credit Agricole	39,721,400,000.00
<b>Total</b>			<b>102,643,400,000.00</b>