

## INFORMATION ON INVESTMENT MANAGEMENT OF PENSION ASSETS OF UAPF JSC

As of November 1, 2023, UAPF pension assets (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 KZT17,196.49 bln<sup>1</sup>.

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**

*KZT bln*

Description	Current Value as of 01.01.2023	Share as of 01.01.2023	Current Value as of 01.11.2023	Share as of 01.11.2023	Increase/Decrease from the beginning of the year
GS MF RK	7,270.16	49.72%	8,184.79	47.60%	12.58%
Foreign GS	812.16	5.55%	499.62	2.91%	-38.48%
IFO	370.94	2.54%	369.65	2.15%	-0.35%
Corporate bonds of RK issuers	16.25	0.11%	13.86	0.08%	-14.70%
Bonds of quasi-public organizations of RK	1,666.98	11.40%	1,715.53	9.98%	2.91%
Bonds of second tier banks of RK	945.94	6.47%	849.23	4.94%	-10.22%
Corporate bonds of foreign issuers	5.51	0.04%	-	0.00%	-100.00%
PPN	9.47	0.06%	7.40	0.04%	-21.87%
Shares and depository receipts of RK issuers	246.54	1.69%	332.52	1.93%	34.88%
Deposits	200.39	1.37%	195.23	1.14%	-2.58%
NBRK Deposits	80.34	0.55%	616.09	3.58%	666.90%
Cash in investment accounts	22.69	0.16%	37.45	0.22%	65.08%
Other assets (accounts receivable, arrears, provisions)	2.06	0.01%	0.00	0.00%	-100.00%
<b>Index asset management, including:</b>	<b>2,972.49</b>	<b>20.33%</b>	4,375.13	25.44%	47.19%
Government securities of developed countries	1 069.24	7.31%	1 355.75	7.88%	26.80%
Government securities of developing countries	547.83	3.75%	898.57	5.23%	64.02%
Assets under external management	1 355.43	9.27%	2 120.81	12.33%	56.47%
<b>Total PA under fiduciary management of NBRK</b>	<b>14,621.89</b>	<b>100.00%</b>	<b>17,196.490</b>	<b>100.00%</b>	<b>17.61%</b>
Cash on contribution and benefit payment accounts	37.07		7.97	0.05%	
<b>Total Pension Assets</b>	<b>14,658.96</b>		<b>17,204.46</b>		

As of November 01, 2023 the weighted average yield to maturity (YTM) of debt financial instruments in the investment portfolio of UAPF PA amounted to 10.8% per annum, including those denominated in tenge - 12.2% per annum, in foreign currency - 5.5% per annum.

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

The main share in the PA UAPF portfolio is occupied by government securities of the Ministry of Finance of the Republic of Kazakhstan, the current value of which during the reporting month increased by KZT61.87 billion and amounted to KZT8,184.79 billion. Their share in the portfolio was 47.60%.

In the period under review, government securities of the Ministry of Finance of the Republic of Kazakhstan were purchased in the amount of KZT70.00 billion at par value with a weighted average

<sup>1</sup> excluding money in the accounts of pension contributions and benefits.

yield of 12.87% per annum. There were no sales or redemptions of government securities of the Ministry of Finance of the Republic of Kazakhstan.

As of the reporting date, the weighted average yield to maturity on government securities of the Ministry of Finance of the Republic of Kazakhstan denominated in tenge was 12.5% per annum, in US dollars - 3.4% per annum.

#### **Government securities of foreign countries in the liquidity sub-portfolio**

The current value of government securities of foreign countries in the liquidity sub-portfolio for the reporting month decreased by KZT206.54 billion and amounted to KZT499.62 billion. Their share in the portfolio was 2.91%.

During the reporting period, US government securities were repaid in the amount of KZT238.78 billion, and US government securities were also sold in the amount of KZT95.46 billion.

During the period under review, government securities of foreign countries were purchased in a total volume of KZT299.45 billion with a weighted average yield of 5.61% per annum.

The weighted average yield to redemption of government securities of foreign countries in the liquidity sub-portfolio of the currency portfolio of the UAPF PA as of the reporting date amounted to 6.1% per annum.

#### **IFO bonds**

The current value of bonds of international financial organizations during the reporting month decreased by KZT3.76 billion tenge and amounted to 369.65 billion tenge. Their share in the portfolio was 2.15%.

In the period under review, in accordance with the repayment period established in the prospectus, the principal debt on the bonds of the Eurasian Development Bank was repaid in the amount of 5.00 billion tenge. There were no purchases or sales 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 9.4% 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 STBs of the Republic of Kazakhstan, with a weighted average maturity of 0.87 years, during the reporting month increased by KZT1.26 billion and amounted to KZT195.23 billion. Their share in the portfolio was 1.14%.

There were no placements or redemptions of deposits from STBs of the Republic of Kazakhstan.

The weighted average yield on repayment of deposits of STBs of the Republic of Kazakhstan as of the reporting date amounted to 9.1% 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 amounted to KZT616.09 billion. Their share in the portfolio was 3.58%.

In the reporting month, as part of current liquidity management in order to maintain profitability on pension assets, investments were made into deposits of the National Bank of the Republic of Kazakhstan. The average volume of transactions amounted to KZT328.77 billion with an average weighted yield of 15.28% per annum.

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

The current value of corporate bonds of issuers of the Republic of Kazakhstan for the reporting month increased by KZT0.20 billion and amounted to KZT13.86 billion. Their share in the portfolio was 0.08%.

During the period under review, there were no purchases, sales or redemptions of corporate bonds of Kazakhstan 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 decreased by KZT12.81 billion and amounted to KZT1,715.53 billion. Their share in the portfolio was 9.98%.

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

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 11.3% per annum, in US dollars - 5.5% per annum.

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

The current value of bonds of STBs of the Republic of Kazakhstan for the reporting month decreased by KZT14.82 billion and amounted to KZT849.23 billion. Their share in the portfolio was 4.94%.

In the reporting period, in accordance with the repayment period established in the prospectus, the principal debt on the bonds of the Eurasian Bank JSC was repaid in the amount of KZT8.26 billion. There were no purchases or sales of bonds from STBs of the Republic of Kazakhstan.

As of the reporting date, the weighted average yield to maturity on bonds of second-tier banks of the Republic of Kazakhstan amounted to 10.4% per annum.

### **PPN**

The current value of PPN (structured notes) of foreign issuers in the reporting month amounted to KZT7.40 billion. Their share in the portfolio was 0.04%.

There were no sales, redemptions or purchases of PPN (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 issuers of the Republic of Kazakhstan for the reporting month decreased by KZT7.25 billion and amounted to KZT332.52 billion. Their share in the portfolio was 1.93%.

During the period under review, there were no purchases and sales of shares and depositary receipts of RK issuers.

### **Currency structure**

The investment portfolio of financial instruments by currencies in which 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 exchange share of pension assets at the level of 30%, USD131.50 million were purchased on the Kazakhstan Stock Exchange to diversify the investment portfolio.

**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 01.01.2023	Share as of 01.01.2023	Current Value as of 01.11.2023	Share as of 01.11.2023	Increase/Decrease from the beginning of the year
National Currency	10,467.94	71.59%	11,870.2	69.03%	13.4%
US dollar	4,146.13	28.36%	5,321.8	30.95%	28.4%
Other currencies	7.82	0.05%	4.51	0.03%	-42.25%
<b>Total:</b>	<b>14,621.89</b>	<b>100.00%</b>	<b>17,196.49</b>	<b>100.00%</b>	<b>17.6%</b>

KZT bln

### Investment results

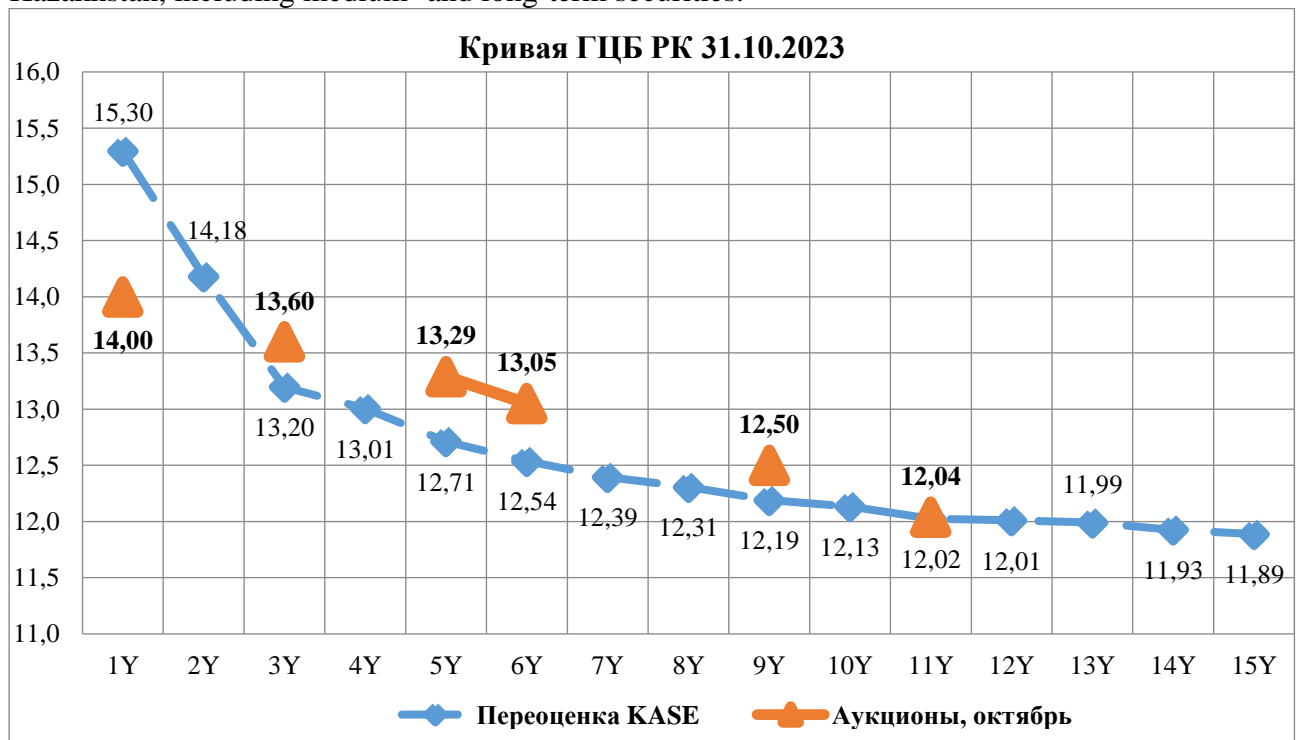
As a result of investment activities, as well as due to the volatility of foreign exchange rates and changes in the market value of financial instruments, the amount of accrued investment income since the beginning of 2023 amounted to KZT1,257.56 billion.

The return on UAPF pension assets distributed to the accounts of contributors (beneficiaries) from the beginning of 2023 amounted to 7.98% with inflation of 7.90%.

Early October 2023 saw a spike in volatility amid military escalation in the Middle East. However, strong data on the US labor market, as well as a further increase in inflation in the US above investors' expectations, shifted the focus to the upcoming decision of the US Federal Reserve on the base rate, which led to an increase in US government bond yields. At the same time, the rhetoric of representatives of the US Federal Reserve was mixed - opinions were expressed both about a possible additional rate increase before the end of this year, and about the need for a pause in the rate increase cycle.

As a result, at the end of October, the MSCI World stock index fell by 3%, and the yield on the benchmark 10-year US Treasury bond rose by 36 bps. At the same time, spreads on corporate bonds and emerging market bonds widened by 8 bps and 17 bps respectively.

On placements of government securities of the Republic of Kazakhstan, there was a recovery in demand, as well as a slight decrease in yields on government securities of the Republic of Kazakhstan against the backdrop of stabilizing inflation. In October, inflation increased by 0.7% (0.6% in September) or 10.8% in annual terms (11.8% in September). The average demand at government securities auctions of the Republic of Kazakhstan exceeded supply by 2.4 times. At the same time, demand was stable along the entire government securities curve of the Republic of Kazakhstan, including medium- and long-term securities.



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

**Table 3. Structure of investment income received from UAPF PAs held in trust by the NBRK**  
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Description	Investment return of 2023
Income in the form of remuneration on securities, including on placed deposits and reverse REPO transactions and from market revaluation of securities	1,093.75

Income (loss) from foreign currency revaluation	59.27
Income (loss) on assets under external management	100.25
Other income (losses)	4.30
<b>Total</b>	<b>1,257.57</b>

### **Information on compliance with the investment declaration parameters**

The structural distribution of UAPF PA in trust meets the requirements of the UAPF Investment Declaration<sup>2</sup>. 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 November 1, 2023 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>0.33%</b>	<b>yes</b>
<b>1</b>	<b>Kazakhstani issuers:</b>	<b>68.71%</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	47.60%	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	3.58%	yes
1.3	Securities of the quasi-public sector entities	11.64%	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:	5.73%	yes
1)	Debt securities	4.54%	yes
2)	Equity securities	0.05%	yes
3)	Deposits	1.14%	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	0.0%	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	0.16%	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>29.65%</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	18.44%	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	4.60%	yes

<sup>2</sup> 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

2.4	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	6.56%	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	0.00%	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	0.04%	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	0.10%	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**

<b>Вид инструмента</b>	<b>Валюта</b>	<b>Эмитент ценной бумаги</b>	<b>Номинальная стоимость в тенге</b>
US GS	USD	US Treasury	228,333,600,000
GS of RK	KZT	Government of RK	70,000,000,000
GS of Philippines	USD	Government of the Republic of the Philippines	19,091,400,000
GS of Chile	USD	Government of the Republic of Chile	18,119,470,000
GS of Oman	USD	Government of Oman	14,318,100,000
GS of Saudi Arabia	USD	Government of Saudi Arabia	7,167,250,000
GS of Romania	USD	Government of the Republic of Romania	4,784,300,000
GS of the Emirates of Sharjah	USD	Government of the Emirates of Sharjah	3,821,920,000
GS of Hungary	USD	Government of Hungary	3,813,120,000
<b>Total</b>			<b>369,449,160,000</b>

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

<b>Instrument</b>	<b>Currency</b>	<b>Issuer</b>	<b>Nominal Value in KZT</b>
US GS	USD	US Treasury	95,459,840,996
<b>Total</b>			<b>95,459,840,996</b>

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

<b>Instrument</b>	<b>Currency</b>	<b>Issuer</b>	<b>Amount to be repaid in KZT</b>
US GS	USD	US Treasury	238,782,500,000
Bonds	KZT	Eurasian Bank JSC	8,261,970,000
Bonds of IFO	KZT	Eurasian Development Bank	5,000,000,000
<b>Total</b>			<b>252,044,470,000</b>