

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

As of March 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 KZT15,118.37 bln¹.

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 NBK, by financial instruments

<i>KZT bln</i>					
Description	Current Value as of 01.01.2023	Share as of 01.01.2023	Current Value as of 01.03.2023	Share as of 01.03.2023	Increase/Decrease from the beginning of the year
Government securities of MF RK	7,270.16	49.72%	7,240.89	47.89%	-0.40%
Foreign government securities	812.16	5.55%	743.91	4.92%	-8.40%
IFO	370.94	2.54%	372.61	2.46%	0.45%
Corporate bonds of RK issuers	16.25	0.11%	15.66	0.10%	-3.66%
Bonds of quasi-public organizations of RK	1,666.98	11.40%	1,684.42	11.14%	1.05%
Bonds of second tier banks of RK	945.94	6.47%	892.96	5.91%	-5.60%
Corporate bonds of foreign issuers	5.51	0.04%	5.20	0.03%	-5.55%
PPN	9.47	0.06%	9.10	0.06%	-3.88%
Shares and depository receipts of RK issuers	246.54	1.69%	250.51	1.66%	1.61%
Deposits	200.39	1.37%	201.08	1.33%	0.35%
NBRK Deposits	80.34	0.55%	391.72	2.59%	387.61%
Cash in investment accounts	22.69	0.16%	69.97	0.46%	-
REPO			130.08	0.86%	100%
Other assets (accounts receivable, overdue debt, provisions)	2.06	0.01%	36.90	0.24%	-
Index asset management, including:	2,972.49	20.33%	3,073.34	20.33%	3.39%
Government securities of developed countries	1,069.24	7.31%	1,023.14	6.77%	-4.31%
Government securities of developing countries	547.83	3.75%	524.94	3.47%	-4.18%
Assets under external management	1,355.43	9.27%	1,525.26	10.09%	12.53%
Total PA under fiduciary management of NBRK	14,621.89	100.00%	15,118.37	100.00%	3.40%
Obligations payable on completed transactions					
Cash on contribution and benefit payment accounts	37.07		9.39		
Total Pension Assets	14,658.96		15,127.75		3.19

As of 03/01/2023 the weighted average yield to maturity (YTM) of debt financial instruments in the investment portfolio of UAPF PA was 11.0% per annum, including 12.6% per annum on those denominated in tenge and 4.9% per annum in foreign currency.

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

The main share in the portfolio of PA UAPF is occupied by government securities of the Ministry of Finance of the Republic of Kazakhstan, the current value of which for the reporting month

¹ excluding money in the accounts of pension contributions and benefits.

increased by KZT121.28 bln and amounted to KZT7,240.89 bln. Their share in the portfolio was 47.89%.

In the period under review, government securities of the Ministry of Finance of the Republic of Kazakhstan were purchased in the amount of KZT50.00 bln at face value with a weighted average yield of 16.36% APR. There were no sales and 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, amounted to 12.8% per annum, in US dollars - 3.4% per annum.

Foreign government securities 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 KZT67.64 bln and amounted to KZT743.91 bln. Their share in the portfolio was 4.92%.

In the period under review US GS were sold in the amount of KZT44.52 bln. There were no redemptions and purchases of government securities of foreign states.

The weighted average yield to maturity of government securities of foreign states in the liquidity sub-portfolio of the currency portfolio of UAPF PA as of the reporting date was 5.0% per annum.

IFO bonds

The current value of bonds of international financial organizations for the reporting month decreased by KZT0.77 bln and amounted to KZT372.61 bln. Their share in the portfolio was 2.46%.

There were no purchases, redemptions and sales of securities of international financial organizations in the period under review.

The weighted average yield to maturity on bonds of international financial organizations denominated in tenge with a fixed interest rate was 9.5% 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 an average weighted maturity of 1.53 years decreased by KZT0.09 bln for the reporting month and amounted to KZT201.08 bln. Their share in the portfolio was 1.33%.

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

The weighted average yield to maturity of deposits of STBs of the Republic of Kazakhstan as of the reporting date was 9.1% per annum.

Deposits in the National Bank of the Republic of Kazakhstan

The current value of deposits in the National Bank of the Republic of Kazakhstan as of the reporting date amounted to KZT391.72 bln. Their share in the portfolio was 2.59%.

In the reporting month, within the framework of current liquidity management in order to maintain profitability on pension assets, investments were made in deposits of the National Bank of the Republic of Kazakhstan. The average volume of transactions amounted to KZT272.98 bln with an average weighted yield of 15.94% per annum.

Corporate bonds of issuers of the Republic of Kazakhstan

The current value of corporate bonds of RK issuers for the reporting month decreased by KZT0.07 bln and amounted to KZT15.66 bln. Their share in the portfolio was 0.10%.

There were no purchases, sales and redemptions of corporate bonds of RK issuers in the period under review.

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 KZT11.32 bln and amounted to KZT1,684.42 bln. Their share in the portfolio was 11.14%.

There were no purchases, redemptions and 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, amounted to 11.0% 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 second-tier banks of the Republic of Kazakhstan for the reporting month decreased by KZT37.96 bln and amounted to KZT892.96 bln. Their share in the portfolio was 5.91%.

In the period under review, the principal debt was paid on bonds of Kaspi Bank JSC in the amount of KZT24.68 bln (the decrease in the current value occurred in the previous month).

In the period under review, within the framework of the Economy of Simple Things program, bonds of Bank RBK JSC were purchased in the amount of KZT10.65 bln with a yield of 19.75% per annum. There were no sales of bonds of second-tier banks 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 10.3% per annum.

Foreign corporate bonds in the liquidity sub-portfolio

The current value of corporate bonds of foreign issuers amounted to KZT5.20 bln. Their share in the portfolio was 0.03%.

There were no purchases, sales or redemptions 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 8.8% per annum.

PPN

The current value of PPN (structured notes) of foreign issuers in the reporting month amounted to KZT9.10 bln. Their share in the portfolio was 0.06%.

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 RK issuers for the reporting month decreased by KZT15.25 bln and amounted to KZT250.51 bln. Their share in the portfolio was 1.66%.

In 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, broken down by currencies in which financial instruments are denominated, acquired at the expense of UAPF pension assets, is presented in Tab.2.

In the reporting period, in order to maintain the currency share of pension assets at the level of 30%, in order to diversify the investment portfolio, USD226.29 million were purchased at the Kazakhstan Stock Exchange.

Table 2. Structure of the investment portfolio of UAPF PAs held in trust by the NBRK, by currency

KZT bln

Currency	Current Value as of 01.01.2023	Share as of 01.01.2023	Current Value as of 01.03.2023	Share as of 01.03.2023	Increase/Decrease from the beginning of the year
National Currency	10,467.94	71.59%	10,918.39	72.22%	4.30%
US dollar	4,146.13	28.36%	4,192.64	27.73%	1.12%
Other currencies	7.82	0.05%	7.34	0.05%	-6.07%
Total:	14,621.89	100.00%	15,118.37	100.00%	3.40%

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 2023 amounted to KZT210.19 bln.

Against the backdrop of an unstable geopolitical situation, high volatility in global financial markets and inflation, the return on UAPF pension assets distributed to the accounts of contributors (beneficiaries) since the beginning of 2023 amounted to 1.38%.

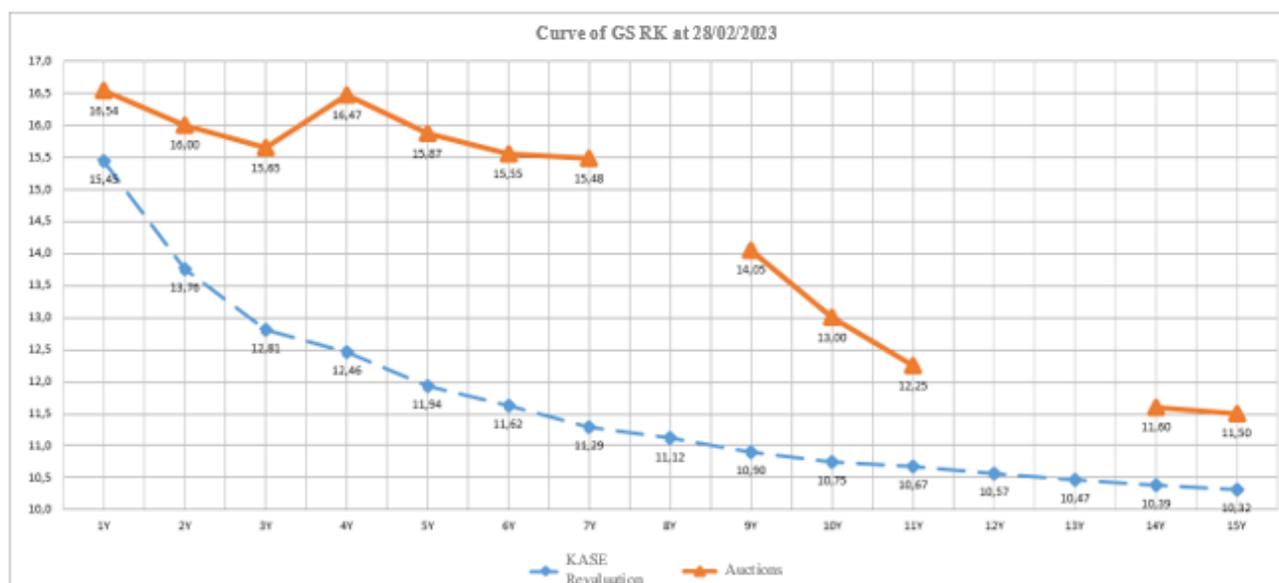
The US monetary policy remained the main driver on foreign markets in February. In early February, the key rate was raised in line with market expectations by 0.25% to 4.50-4.75%. Strong macroeconomic data gave the US Federal Reserve additional reason to raise the key rate at a faster pace, while inflation that remains at a high level confirmed the need for this policy.

As a result, the yield on 10-year US Treasury bonds rose by 41 bp. to 3.92%, while the MSCI World stock index fell 2.5%. At the same time, spreads on corporate bonds and bonds of developing countries remained almost unchanged.

On the local market, against the backdrop of continuing inflation growth, the National Bank of the Republic of Kazakhstan decided to keep the base rate at 16.75% with a corridor of +/- 1%. Despite the decrease in inflation within 5 months from September 2022 from 1.8% to 1.1%, in February 2023 this trend was interrupted, and inflation increased by 1.3% (21.3% per annum).

There was a significant increase in demand for GS placements. The median demand to offer at GS auctions grew up to 2.23 times compared to almost the same demand to offer ratio at placements in January. At the same time, at placements with maturities of up to 5 years, demand exceeded supply by 5-10 times. As a result, yields at the near end of the curve fell by 15-80 bp.

There was also an influx of non-residents into government securities, which, together with the “big” tax week in the second half of February, led to the strengthening of the tenge against the US dollar by 2.3% in February.



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

KZT bln

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	318.2
Income (loss) from foreign currency revaluation	-97.87
Income (loss) on assets under external management	-10.14
Other income (losses)	0.18
Total	210.37

Information on compliance with the Investment Declaration parameters

The structural distribution of UAPF PA in trust meets the requirements of the UAPF Investment Declaration². Shares of foreign exchange positions² 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 March 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)
	Cash KZT	0.20%	yes
	Cash in foreign currency	0.42%	yes
1	Kazakhstani issuers:	69.94%	
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	47.89%	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	2.59%	yes
1.3	Securities of the quasi-public sector entities	12.56%	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:	6.74%	yes
1)	Debt securities	5.36%	yes
2)	Equity securities	0.04%	yes
3)	Deposits	1.33%	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
2	Foreign issuers:	26.42%	yes
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	18.00%	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	3.89%	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 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

2.5	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	4.47%	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	0.06%	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	0.11%	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
GS RK	KZT	Government of RK	50,000,000,000
Bonds of STB RK	KZT	АО «Банк «Bank RBK»	10,648,423,000
Total			60,648,423,000

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

Instrument	Currency	Issuer	Transaction Amount in KZT
US GS	USD	US Government	44,515,310,025
Total			44,515,310,025

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

Instrument	Currency	Issuer	Amount due in KZT
Bonds of STB RK	KZT	Kaspi Bank JSC	24,678,710,000
Total			24,678,710,000