

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

As of March 1, 2024, UAPF pension assets<sup>1</sup> (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 KZT18,449.01 bln<sup>2</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 01.01.2024	Share as of 01.01.2024	Current Value as of 01.03.2024	Share as of 01.03.2024	Increase/Decrease from the beginning of the year
GS MF RK	8,289.48	46.55%	8,623.58	46.74%	4.03%
Foreign GS	22.36	0.13%	236.36	1.28%	957.11%
IFO	359.46	2.02%	360.21	1.95%	0.21%
Corporate bonds of RK issuers	14.01	0.08%	13.42	0.07%	-4.21%
Bonds of quasi-public organizations of RK	1,619.89	9.10%	1,812.62	9.83%	11.90%
Bonds of STB of RK	848.05	4.76%	795.58	4.31%	-6.19%
PPN	7.23	0.04%	7.23	0.04%	-0.09%
Shares and depository receipts of RK issuers	350.53	1.97%	370.00	2.01%	5.55%
Deposits	197.21	1.11%	198.03	1.07%	0.42%
NBRK Deposits	876.66	4.92%	604.41	3.28%	-31.06%
Deposits in foreign banks	48.34	0.27%	41.95	0.23%	-13.22%
Cash in investment accounts	26.71	0.15%	-	0.00%	-100.00%
<b>Index asset management, including:</b>	<b>5,146.10</b>	<b>28.90%</b>	<b>5,385.63</b>	<b>29.19%</b>	<b>4.65%</b>
Assets of developed countries	1,644.24	9.23%	1,617.88	8.77%	-1.60%
Assets of developing countries	1,122.87	6.31%	1,119.14	6.07%	-0.33%
Assets under external management	2,378.99	13.36%	2,648.60	14.36%	11.33%
<b>Total PA under fiduciary management of NBRK</b>	<b>17,806.034</b>	<b>100.00%</b>	<b>18,449.01</b>	<b>100.00%</b>	<b>3.61%</b>
Cash in contribution and benefit payment accounts	38.97		7.24		
<b>Total Pension Assets</b>	<b>17,845.01</b>		<b>18,456.24</b>		<b>3.43%</b>

As of March 01, 2024 the weighted average yield to maturity (YTM) of debt financial instruments in the investment portfolio of PA UAPF amounted to 10.4% per annum, including those denominated in tenge - 11.7% per annum, in foreign currency - 5.0% per annum.

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

The main share in the UAPF PA 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 KZT165.03 bln and amounted to KZT8,623.58 bln. Their share in the portfolio was 46.74%.

During the reporting period, government securities of the Ministry of Finance of the Republic of Kazakhstan were redeemed in the amount of KZT15.68 bln, and part of the government securities of the Ministry of Finance of the Republic of Kazakhstan denominated in US dollars was sold for a total amount of KZT77.68 bln.

<sup>1</sup> formed from compulsory pension contributions, compulsory occupational pension contributions and voluntary pension contributions

<sup>2</sup> excluding money in the accounts of pension contributions and benefits.

In the period under review, government securities of the Ministry of Finance of the Republic of Kazakhstan were purchased in the amount of KZT262.12 bln at par value with a weighted average yield of 12.04% per annum.

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 11.8% per annum, in US dollars - 3.3% 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 increased by KZT211.63 bln and amounted to KZT236.36 bln. Their share in the portfolio was 1.28%.

During the reporting period, US government securities were redeemed in the amount of KZT115.81 bln, and US government securities were also sold in the amount of KZT114.72 bln.

During the period under review, US government securities were purchased in a total volume of KZT455.13 bln with a weighted average yield of 5.37% per annum.

The weighted average yield to maturity 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 5.5% per annum.

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

The current value of bonds of international financial organizations during the reporting month decreased by KZT0.23 bln and amounted to KZT360.21 bln. Their share in the portfolio was 1.95%.

During the period under review, there were no purchases, redemptions 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 9.3% 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 0.54 years, during the reporting month increased by KZT0.05 bln and amounted to KZT198.03 bln. Their share in the portfolio was 1.07%.

There were no placements or redemptions of deposits from 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 9.2% 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 KZT604.41 bln. Their share in the portfolio was 3.28%.

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 was KZT338.29 bln with an average weighted yield of 14.43% per annum.

### **Deposits in foreign banks**

In the reporting month, deposits in a foreign bank were repaid in the total amount of KZT225.27 bln.

In the period under review, in order to maintain the profitability of the foreign currency portfolio, a deposit was placed in a foreign bank, denominated in US dollars, in the amount of KZT90.43 bln with a weighted average yield of 5.30% per annum and a maturity of 5 days.

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

The current value of corporate bonds of issuers of the Republic of Kazakhstan amounted to KZT13.42 bln. Their share in the portfolio was 0.07%.

In the period under review, according to the terms of the issue, part of the bonds of SevKazEnergo JSC was early repaid in the amount of KZT0.50 bln.

During the period under review, there were no purchases 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 increased by KZT13.34 bln and amounted to KZT1,812.62 bln. Their share in the portfolio was 9.83%.

During the reporting period, 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 11.5% 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 KZT56.24 bln and amounted to KZT795.58 bln. Their share in the portfolio was 4.31%.

In accordance with the deadline established in the issue prospectus, the principal debt on the bonds of Kaspi Bank JSC was repaid in the amount of KZT46.49 bln. 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 10.6% per annum.

#### **PPN**

The current price of PPN (structured notes) of foreign issuers in the reporting month was KZT7.23 bln. 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 increased by KZT35.93 bln and amounted to KZT370.00 bln. Their share in the portfolio was 2.01%.

During the period under review, common shares of Air Astana JSC were purchased for a total amount of KZT24.88 bln in the amount of 23.17 million pieces.

During the period under review, there were no purchases or 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%, USD400.00 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	<i>KZT bln</i>				
	Current Value as of 01.01.2024	Share as of 01.01.2024	Current Value as of 01.03.2024	Share as of 01.03.2024	Increase/Decrease from the beginning of the year
National Currency	12,161.38	68.30%	12,506.57	67.8%	2.8%
US dollar	5,639.89	31.67%	5,937.66	32.2%	5.3%

Other currencies	4.76	0.03%	4.78	0.03%	0.39%
<b>Total:</b>	<b>17,806.03</b>	<b>100.00%</b>	<b>18,449.0</b>	<b>100.0%</b>	<b>3.6%</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 since the beginning of 2024 amounted to KZT351.12 bln.

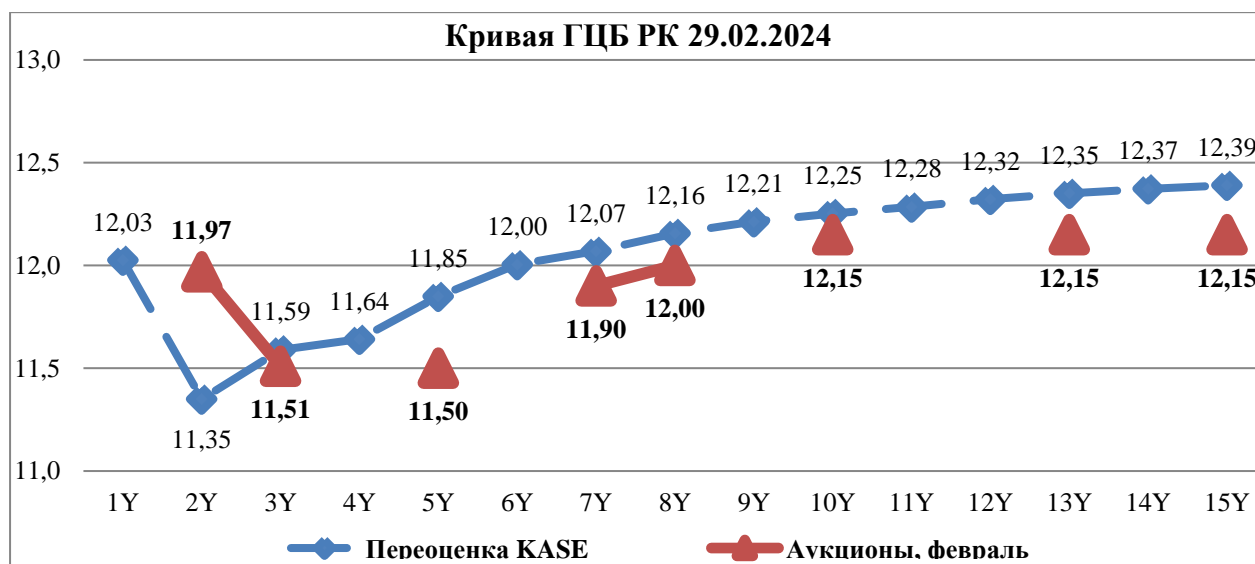
As of March 1, 2024, the return on UAPF pension assets for the last 12 months, distributed to the accounts of contributors (beneficiaries), amounted to 10.68% with inflation of 9.30%. The return on UAPF pension assets distributed to the accounts of contributors (beneficiaries) has amounted to 1.91% since the beginning of 2024.

In February 2024, the US saw inflation rise above market expectations. At the same time, the tone of the US Federal Reserve representatives was harsher, which, coupled with strong labor market statistics, led to a decrease in expectations for the number of cuts in the US base rate by the end of 2024 from 6 to 3 cuts.

As a result, at the end of February, the yield on the benchmark 10-year US Treasury bond increased by 34 bps. Corporate bond spreads were little changed, while emerging market bond spreads narrowed by 27 bps. At the same time, the MSCI World share index rose 4.1% amid positive news for technology companies.

On placements of government securities of the Republic of Kazakhstan, there was a decrease in yields on short-term and medium-term government securities of the Republic of Kazakhstan against the backdrop of a decrease in the rate of annual inflation and a decrease in the base rate by 50 bp. up to 14.75%. At the end of February, inflation dropped to 9.3% per annum (9.5% in January). However, the monthly growth rate accelerated to 1.1% (0.8% in January), which is the highest in the last 12 months.

Average demand at auctions of government securities of the Republic of Kazakhstan exceeded supply by 2.8 times, which is explained by high demand from the market for placements of government securities of the Republic of Kazakhstan up to 5 years.



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**

Description	Investment return for 2024
Income in the form of remuneration on securities, including on placed deposits and reverse REPO transactions and from market revaluation of securities	275.12
Income (loss) from foreign currency revaluation	-26.41
Income (loss) on assets under external management	103.05

KZT bln

Other income (losses)	-0.65
<b>Total</b>	<b>351.12</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>3</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 March 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	0.08%	yes
	Cash in foreign currency	0.66%	yes
<b>1</b>	<b>Kazakhstani issuers:</b>	<b>66.83%</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	46.74%	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	3.28%	yes
1.3	Securities of the quasi-public sector entities	11.38%	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:	5.11%	yes
1)	Debt securities	3.96%	yes
2)	Equity securities	0.07%	yes
3)	Deposits	1.07%	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	0.33%	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 financial instruments, including instruments traded on foreign financial markets:</b>	<b>30.76%</b>	<b>yes</b>
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	18.28%	yes
2.2.	Municipal securities as part of investing in government and agency securities	0.0%	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	5.48%	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	0.0%	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	0.0%	yes

<sup>3</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

	Standard & Poor's agency or a rating of a similar level by one of the other rating agencies		
2.6	Shares, depositary receipts for shares	6.96%	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	0.33%	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>Instrument</b>	<b>Currency</b>	<b>Issuer</b>	<b>Nominal value in KZT</b>
US GS	USD	US Government	455,134,480,000
GS RK	KZT	Government of RK	262,116,006,000
Common shares	KZT	Air Astana JSC	24,879,540,424
<b>Total</b>			<b>742,130,026,424</b>

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

<b>Instrument</b>	<b>Currency</b>	<b>Issuer</b>	<b>Transaction in KZT</b>
US GS	USD	US Government	114,717,114,768
EuroBonds	USD	Government of RK	77 683 623 484
Bonds	KZT	SEVKAZENERGO JSC	502 482 639
<b>Total</b>			<b>192 903 220 891</b>

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

<b>Currency</b>	<b>Currency</b>	<b>Issuer</b>	<b>Amount to be repaid in KZT</b>
US GS	USD	US Government	115,813,620,000
Bonds	KZT	KASPI BANK JSC	46,490,643,300
GS RK	KZT	Government of RK	15,677,000,000
<b>Total</b>			<b>177,981,263,300</b>

**Table 8. Information on deposit placements in the reporting month**

<b>Instrument</b>	<b>Currency</b>	<b>Issuer</b>	<b>Placement amount in KZT</b>
Deposit	USD	Credit Agricole CIB Hongkong Branch	90,428,000,000
<b>Total</b>			<b>90,428,000,000</b>

**Table 9. Information on principal repayments on deposits in the reporting month**

<b>Instrument</b>	<b>Currency</b>	<b>Issuer</b>	<b>Placement amount in KZT</b>
Deposit	USD	Credit Agricole CIB Hongkong Branch	225,356,410, 000
<b>Total</b>			<b>225,356,410,000</b>