

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

As of April 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 KZT18,807.36 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 01.04.2024	Share as of 01.04.2024	Increase/Decrease from the beginning of the year
GS MF RK	8,289.48	46.55%	8,781.23	46.69%	5.93%
Foreign GS	22.36	0.13%	416.65	2.22%	1763.48%
IFO	359.46	2.02%	388.37	2.06%	8.04%
Corporate bonds of RK issuers	14.01	0.08%	13.66	0.07%	-2.49%
Bonds of quasi-public organizations of RK	1,619.89	9.10%	1,827.23	9.72%	12.80%
Bonds of STB of RK	848.05	4.76%	798.59	4.25%	-5.83%
PPN	7.23	0.04%	7.20	0.04%	-0.51%
Shares and depository receipts of RK issuers	350.53	1.97%	371.96	1.98%	6.11%
Deposits	197.21	1.11%	193.98	1.03%	-1.64%
NBRK Deposits	876.66	4.92%	452.61	2.41%	-48.37%
Deposits in foreign banks	0	0.00%	0.00	0.00%	0.00%
Cash in investment accounts	48.34	0.27%	22.87	0.12%	-52.69%
REPO	26.71	0.15%	0.00	0.00%	-100.00%
<b>Index asset management, including:</b>	<b>5,146.10</b>	<b>28.90%</b>	<b>5,533.01</b>	<b>29.42%</b>	<b>7.52%</b>
Assets of developed countries	1,644.24	9.23%	1,612.66	8.57%	-1.92%
Assets of developing countries	1,122.87	6.31%	1,124.03	5.98%	0.10%
<b>assets under external management, including:</b>	<b>2,378.99</b>	<b>13.36%</b>	<b>2,796.33</b>	<b>14.87%</b>	<b>17.54%</b>
<b>under the developing country bond mandate:</b>					
Aviva Investors Global Services Limited	173.41	0.97%	173.51	0.92%	0.06%
<b>under Global Shares mandate:</b>					
Invesco Asset Management Deutschland GmbH	170.50	0.96%	260.42	1.38%	52.74%
HSBC Global Asset Management (UK) Limited	311.96	1.75%	377.94	2.01%	21.15%
UBS Asset Management (UK) Ltd	226.16	1.27%	303.40	1.61%	34.15%
Blackrock Financial Management	176.62	0.99%	191.62	1.02%	8.49%
BlackRock Investment Management	116.41	0.65%	153.46	0.82%	31.82%
Robeco Institutional Asset Management B.V.	219.38	1.23%	243.00	1.29%	10.77%
<b>under mandate of investment grade corporate bonds:</b>					
Principal Global Investors (Europe) Limited	489.75	2.75%	491.35	2.61%	0.33%
PGIM Limited	494.79	2.78%	498.96	2.65%	0.84%
PIMCO Asia Pte Ltd	-	-	102.66	0.55%	100%
<b>Total PA under fiduciary management of NBRK</b>	<b>17,806.034</b>	<b>100.00%</b>	<b>18,807.36</b>	<b>100.00%</b>	<b>5.62%</b>
Cash in contribution and benefit payment accounts	38.97		11.53		
<b>Total Pension Assets</b>	<b>17,845.01</b>		<b>18,818.89</b>		<b>5.46%</b>

<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.

As of April 01, 2024 the weighted average yield to maturity (YTM) of debt financial instruments in the investment portfolio of PA UAPF amounted to 10.22% per annum, including those denominated in tenge - 11.51% per annum, in foreign currency - 5.2% 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 KZT157.65 bln and amounted to KZT8,781.23 bln. Their share in the portfolio was 46.69%.

In the period under review, government securities of the Ministry of Finance of the Republic of Kazakhstan were purchased in the amount of KZT195.04 bln at par value with a weighted average yield of 12.08% per annum.

In the period under review, part of the Eurobonds of the Ministry of Finance of the Republic of Kazakhstan in the amount of KZT18.26 bln were sold. There were no redemptions of government securities from 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 11.5% 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 increased by KZT180.29 bln and amounted to KZT416.65 bln. Their share in the portfolio was 2.22%.

In the period under review, US government securities were purchased in a total volume of KZT216.91 bln with a weighted average yield of 5.33% per annum.

In the reporting period, US government securities were sold in a total volume of KZT31.03 bln. There were no redemptions of foreign government securities.

The weighted average yield to redemption of government securities of foreign countries in the liquidity sub-portfolio of the currency portfolio of the PA UAPF as of the reporting date amounted to 5.7% per annum.

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

The current value of bonds of international financial organizations during the reporting month increased by KZT28.16 bln and amounted to KZT388.37 bln. Their share in the portfolio was 2.06%.

During the period under review, bonds of the Eurasian Development Bank were purchased in the amount of KZT25.00 bln with a weighted average yield of 12.51% per annum.

During the period under review, there were no 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 11.42% 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 0.46 years, during the reporting month decreased by KZT4.04 bln and amounted to KZT193.98 bln. Their share in the portfolio was 1.03%.

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 9.17% 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 KZT452.61 bln. Their share in the portfolio was 2.41%.

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 KZT294.41 bln with an average weighted yield of 14.02% per annum.

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

The current value of corporate bonds of issuers of the Republic of Kazakhstan amounted to KZT13.66 bln. Their share in the portfolio was 0.07%.

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 KZT14.60 bln and amounted to KZT1,827.23 bln. Their share in the portfolio was 9.72%.

During the reporting period, there were no purchases, redemptions, or sales of securities of quasi-state organizations of the Republic of Kazakhstan.

As of the reporting date, the weighted average yield to maturity on bonds of quasi-state 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 increased by KZT3.01 bln and amounted to KZT798.59 bln. Their share in the portfolio was 4.25%.

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 STBs of the Republic of Kazakhstan amounted to 10.6% per annum.

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

The current value of PPN (structured notes) of foreign issuers in the reporting month amounted to KZT7.2 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 KZT1.96 bln and amounted to KZT371.96 bln. Their share in the portfolio was 1.98%.

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%, 500.00 million US dollars 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 01.04.2024	Share as of 01.04.2024	Increase/Decrease from the beginning of the year
National Currency	12,161.38	68.30%	12,564.88	66.81%	3.32%
US dollar	5,639.89	31.67%	6,237.39	33.16%	10.59%

Other currencies	4.76	0.03%	5.09	0.03%	6.91%
<b>Total:</b>	<b>17,806.03</b>	<b>100.00%</b>	<b>18,807.36</b>	<b>100.00%</b>	<b>5.62%</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 581.31 billion tenge.

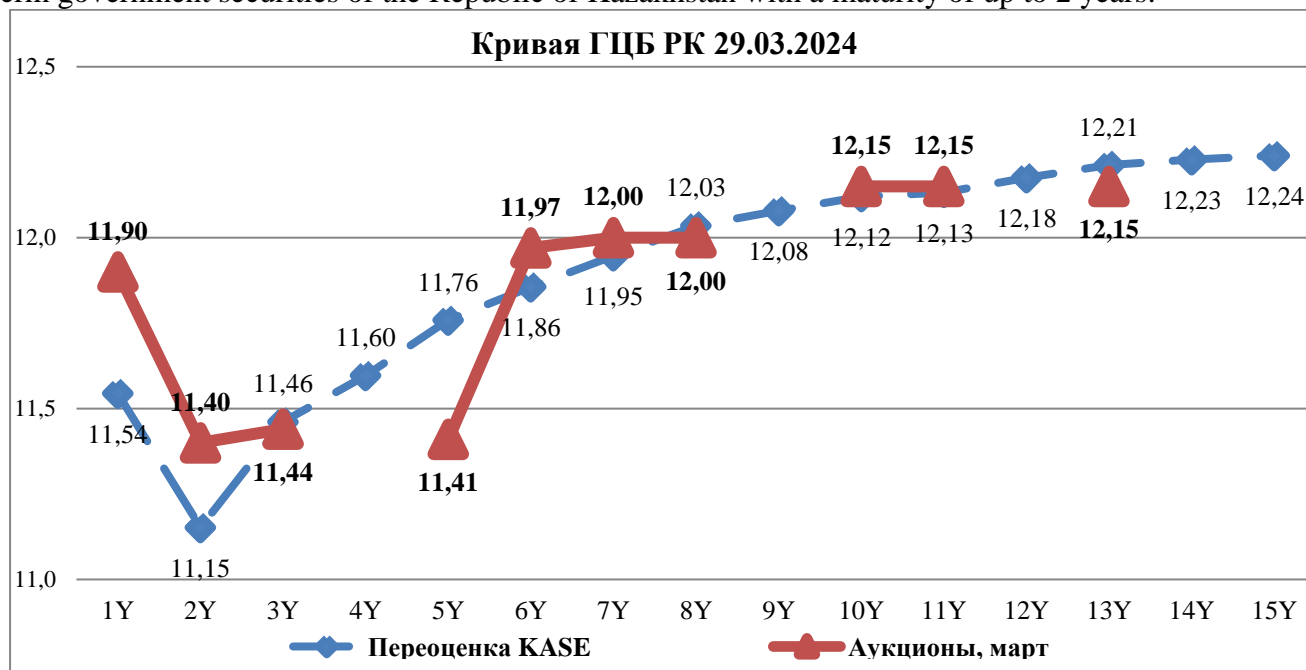
As of April 1, 2024, the return on UAPF pension assets for the last 12 months, distributed to the accounts of contributors (beneficiaries), amounted to 11.07% with inflation of 9.10%. The return on UAPF pension assets distributed to the accounts of contributors (beneficiaries) has amounted to 3.15% since the beginning of 2024.

In March 2024, the US Federal Reserve decided to maintain the base rate at 5.25-5.50%. Against the backdrop of strong labor market statistics, as well as continued stable inflation, the market slightly reduced expectations for a reduction in the US base rate by the end of 2024. At the same time, the rhetoric of the US Federal Reserve representatives did not turn out to be harsh, which was positively received by the market.

At the end of March, the yield on the benchmark 10-year US Treasury bond decreased by 5 bp. Spreads on corporate and emerging market bonds narrowed by 6 bps. and 12 bp, respectively. At the same time, the MSCI World stock index increased by 3%.

On placements of government securities of the Republic of Kazakhstan, a decrease in yields on short-term government securities of the Republic of Kazakhstan was observed against the backdrop of a decrease in inflation growth rates. At the end of March, inflation dropped to 9.1% per annum (9.3% in February) or 0.7% in March (1.1% in February).

Average demand at auctions of government securities of the Republic of Kazakhstan exceeded supply by 2.5 times, which is explained by high demand from the market for placements of short-term government securities of the Republic of Kazakhstan with a maturity of up to 2 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**

<i>KZT bln</i>	
Наименование	Инвестиционный доход за 2024 год
Income in the form of remuneration on securities, including on placed deposits and reverse REPO transactions and from market revaluation of securities	452.88
Income (loss) from foreign currency revaluation	-53.29

Income (loss) on assets under external management	183.17
Other income (losses)	-1.45
<b>Total</b>	<b>581.31</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 April 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	0.01%	yes
	Cash in foreign currency	0.13%	yes
<b>1</b>	<b>Kazakhstani issuers:</b>	<b>65.71%</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	46.69%	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	2.41%	yes
1.3	Securities of the quasi-public sector entities	11.23%	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:	5.03%	yes
1)	Debt securities	3.90%	yes
2)	Equity securities	0.10%	yes
3)	Deposits	1.03%	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	0.00%	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	0.36%	yes
1.7	Islamic finance instruments included in the official list of the Kazakhstan Stock Exchange and / or AIFC Exchange	0.00%	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	0.00%	yes
<b>2</b>	<b>Foreign financial instruments, including instruments traded on foreign financial markets:</b>	<b>32.75%</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	19.39%	yes
2.2.	Municipal securities as part of investing in government and agency securities	0.00%	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	5.83%	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	0.00%	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 Standard & Poor's agency or a rating of a similar level by one of the other rating agencies	0.00%	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

2.6	Shares, depositary receipts for shares	7.32%	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	0.17%	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	216,905,390,000
GS RK	KZT	Government of RK	195,036,596,000
IPO bonds	KZT	Eurasian Development Bank	25,000,000,000
<b>Total</b>			<b>436,941,986,000</b>

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

<b>Instrument</b>	<b>Currency</b>	<b>Issuer</b>	<b>Transaction amount in KZT</b>
US GS	USD	US Government	31,031,041,788
EuroBonds	USD	Government of RK	18,258,088,493
<b>Total</b>			<b>49,289,130,281</b>