

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

As of July 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 KZT20,077.64 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**

<i>KZT bln</i>					
Description	Current Value as of 01.01.2024	Share as of 01.01.2024	Current Value as of 01.08.2024	Share as of 01.08.2024	Increase/Decrease from the beginning of the year
GS MF RK	8,289.48	46.55%	8,842.92	44.04%	6.68%
Foreign GS	22.36	0.13%	885.20	4.41%	3,859.09%
IFO	359.46	2.02%	345.71	1.72%	-3.82%
Corporate bonds of RK issuers	14.01	0.08%	15.33	0.08%	9.37%
Bonds of quasi-public organizations of RK	1,619.89	9.10%	1,943.71	9.68%	19.99%
Bonds of STB of RK	848.05	4.76%	901.83	4.49%	6.34%
PPN	7.23	0.04%	7.71	0.04%	6.64%
Shares and depository receipts of RK issuers	350.53	1.97%	359.17	1.79%	2.47%
Deposits	197.21	1.11%	180.96	0.90%	-8.24%
NBRK Deposits	876.66	4.92%	21.00	0.10%	-97.60%
Deposits in foreign banks	0	0.00%	47.69	0.24%	100%
Cash in investment accounts	48.34	0.27%	33.05	0.16%	-31.64%
REPO	26.71	0.15%	204.68	1.02%	666.39%
Other assets (accounts receivable and overdue debt, provisions)	5,146.10	28.90%	6,288.68	31.32%	22.20%
<b>Index asset management, including:</b>	1,644.24	9.23%	1,746.36	8.70%	6.21%
Assets of developed countries	1,122.87	6.31%	1,212.44	6.04%	7.98%
Assets of developing countries	<b>2,378.99</b>	<b>13.36%</b>	<b>3,329.88</b>	<b>16.59%</b>	<b>39.97%</b>
<b>assets under external management under the developing country bond mandate:</b>					
Aviva Investors Global Services Limited			233.81	1.16%	34.83%
Invesco Asset Management Deutschland GmbH	170.5	0.96%	291.84	1.45%	71.17%
HSBC Global Asset Management (UK) Limited	311.96	1.75%	455.73	2.27%	46.09%
UBS Asset Management (UK) Ltd	226.16	1.27%	329.70	1.64%	45.78%
Blackrock Financial Management	176.62	0.99%	278.58	1.39%	57.73%
BlackRock Investment Management	116.41	0.65%	193.06	0.96%	65.84%
Robeco Institutional Asset Management B.V.	219.38	1.23%	275.08	1.37%	25.39%
<b>under mandate of investment grade corporate bonds:</b>					
Principal Global Investors (Europe) Limited	489.75	2.75%	528.71	2.63%	7.95%
PGIM Limited	494.79	2.78%	537.50	2.68%	8.63%
PIMCO Asia Pte Ltd	-	-	205.87	1.03%	100.00%
<b>Total PA under fiduciary management of NBRK</b>	<b>17,806.03</b>	<b>100.00%</b>	<b>20,077.64</b>	<b>100.00%</b>	<b>12.76%</b>
Cash in contribution and benefit payment accounts	38.97		8.75	0.04%	

<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.

<b>Total Pension Assets</b>	<b>17,845.01</b>		<b>20,086.39</b>		
-----------------------------	------------------	--	------------------	--	--

As of August 01, 2024 the weighted average yield to maturity (YTM) of debt financial instruments in the investment portfolio of UAPF PA amounted to 10.09% per annum, including those denominated in tenge - 11.64% per annum, in foreign currency - 5.17% per annum.

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

The main share in the portfolio of the UAPF PA is occupied by government securities of the Ministry of Finance of the Republic of Kazakhstan, the current value of which increased by KZT46.69 bln during the reporting month and amounted to KZT8,842.92 bln. Their share in the portfolio was 44.04%.

In the period under review, government securities of the Ministry of Finance of the Republic of Kazakhstan were purchased in the amount of KZT101.7 bln at par value with an average weighted yield of 13.47% per annum.

In the period under review, there were no redemptions and sales of securities of the Ministry of Finance of the Republic of Kazakhstan.

As of the reporting date, the average weighted yield to maturity on government securities of the Ministry of Finance of the Republic of Kazakhstan amounted to 12.04% per annum.

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

The current value of foreign government securities in the liquidity sub-portfolio for the reporting month decreased by KZT145.63 bln and amounted to KZT885.20 bln. Their share in the portfolio was 4.41%.

In the period under review, US government securities were purchased in the amount of KZT280.62 bln at par value with an average weighted yield of 5.25% per annum.

In the reporting month, US government securities were redeemed in the amount of KZT138.50 bln. There were no sales of foreign government securities in the reporting period.

The average weighted yield to maturity of foreign government securities in the liquidity sub-portfolio of the currency portfolio of the UAPF PA on the reporting date was 5.85% per annum..

### **IFO bonds**

The current value of bonds of international financial organizations for the reporting month increased by KZT1.53 bln and amounted to KZT345.71 bln. Their share in the portfolio was 1.72%.

There were no purchases, sales or redemptions of securities of international financial organizations.

The average weighted yield to maturity on bonds of international financial organizations denominated in tenge, with a fixed interest rate, was 11.37% 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 STB RK with an average weighted maturity of 0.14 years decreased by KZT16.23 bln during the reporting month and amounted to KZT180.96 bln. Their share in the portfolio amounted to 0.90%. In the reporting month, the principal debt of Eurasian Bank JSC was repaid in the amount of KZT17.00 bln. There were no placements of STB RK deposits. The average weighted yield to maturity of STB RK deposits on the reporting date amounted to 9.23% 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 on the reporting date was KZT21.00 bln. Their share in the portfolio was 0.10%.

In the reporting month, as part of current liquidity management in order to maintain the return on pension assets, investments were made in deposits of the National Bank of the Republic of

Kazakhstan. The average transaction volume was KZT116.50 bln with an average weighted yield of 13.43% per annum.

#### **Deposits in foreign banks**

The current value of deposits in foreign banks as of the reporting date was KZT47.69 bln. Their share in the portfolio was 0.24%. In the reporting period, the principal debt of Bank of Nova Scotia was repaid in the amount of KZT33.17 bln. There were no deposits placed in foreign banks.

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

The current value of corporate bonds of issuers of the Republic of Kazakhstan amounted to KZT15.33 bln. Their share in the portfolio amounted to 0.08%. In the period under review, there were no purchases, sales or redemptions of corporate bonds of issuers of the Republic of Kazakhstan.

#### **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 KZT22.28 bln and amounted to KZT1,943.71 bln. Their share in the portfolio was 9.68%.

In the period under review, there were no purchases and sales of securities of quasi-public organizations of the Republic of Kazakhstan.

In the reporting period, bonds of Development Bank of Kazakhstan JSC were redeemed in the amount of KZT30.00 bln.

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 10.97% per annum, in US dollars - 5.49% per annum.

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

The current value of bonds of the STB of the RK for the reporting month increased by KZT91.80 bln and amounted to KZT901.83 bln. Their share in the portfolio was 4.49%.

In the period under review, bonds of the Otbasy Bank Housing Construction Savings Bank JSC and Halyk Bank of Kazakhstan JSC were purchased in a total amount of KZT89.63 bln at par value with an average weighted yield of 13.69% per annum.

There were no sales or redemptions of bonds of the STB of the RK.

As of the reporting date, the average weighted yield to maturity on bonds of the STB of the RK amounted to 10.08% per annum.

#### **PPN**

The current value of PPN (structured notes) of foreign issuers in the reporting month amounted to KZT7.71 bln. Their share in the portfolio amounted to 0.04%.

There were no sales, redemptions or purchases of PPN (structured notes) of 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 KZT15.93 bln and amounted to KZT359.17 bln. Their share in the portfolio amounted to 1.79%.

In the period under review, there were no purchases and sales of shares and depositary receipts of issuers of the Republic of Kazakhstan.

#### **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 currency share of pension assets at 30% for diversification of the investment portfolio, USD275.00 million were purchased on the Kazakhstan Stock Exchange.

**Table 2. Structure of the investment portfolio of PA UAPF, which are in trust management of the NBRK, by currency**

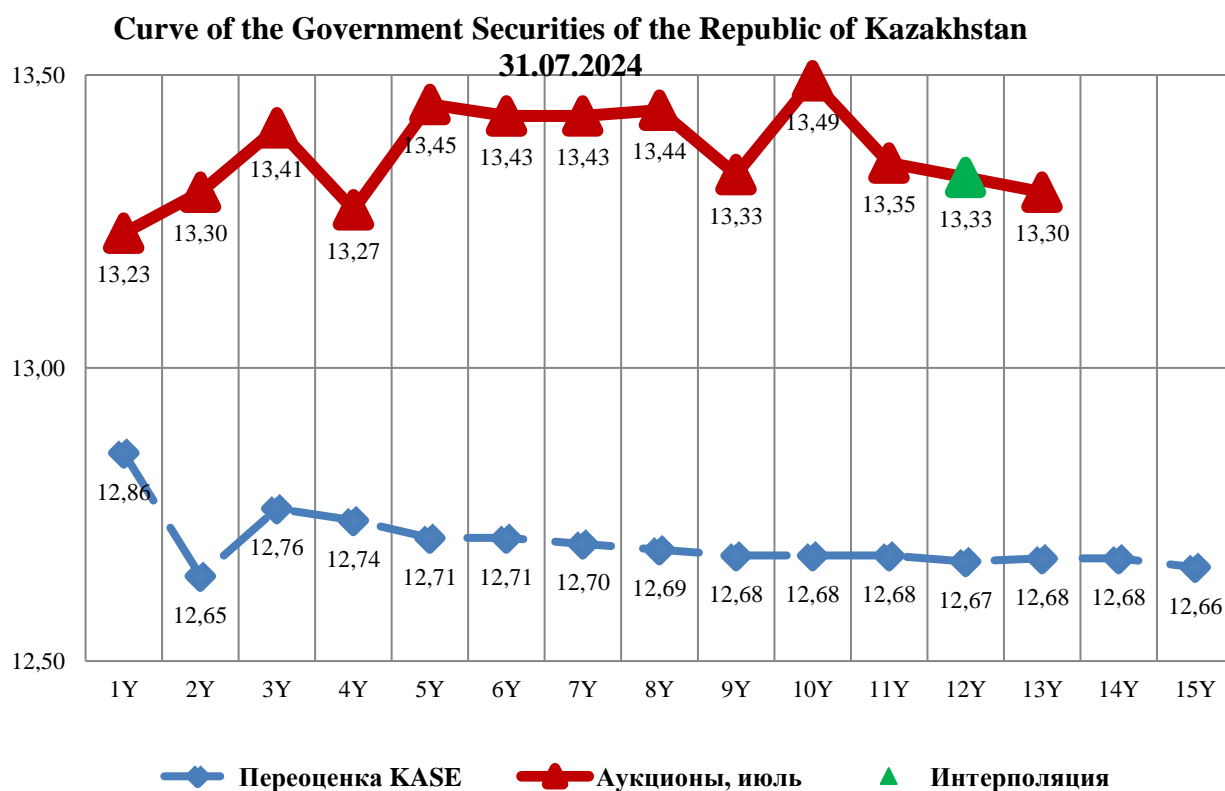
Currency	<i>KZT bln</i>				
	Current Value as of 01.01.2024	Share as of 01.01.2024	Current Value as of 01.08.2024	Share as of 01.08.2024	Increase/Decrease from the beginning of the year
National Currency	12,161.38	68.30%	12,588.13	62.70%	3.51%
US dollar	5,639.89	31.67%	7,488.68	37.30%	32.78%
Other currencies	4.76	0.03%	0.82	0.00%	-82.68%
<b>Total:</b>	<b>17,806.03</b>	<b>100.00%</b>	<b>20,077.64</b>	<b>100.00%</b>	<b>12.76%</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 KZT1.41 trln.

As of August 1, 2024, the return on UAPF pension assets over the past 12 months, distributed to the accounts of contributors (beneficiaries), amounted to 12.73% with inflation at 8.60%. The return on UAPF pension assets distributed to the accounts of contributors (beneficiaries) since the beginning of 2024 amounted to 7.51%.

In July 2024, market expectations for a reduction in the US base rate increased against the backdrop of a slowdown in inflation in the US and a "cooling" of the labor market. Thus, according to market expectations, three reductions in the US base rate are predicted by the end of 2024 instead of two a month earlier. In June, inflation in the US fell to -0.1% (0% in May) or 3% (3.3% in May) per annum. At the same time, representatives of the US Federal Reserve maintain their position in favor of maintaining rates at 5.25-5.5% until more data confirming a sustainable downward trend in inflation is received. In this regard, the yield on benchmark 10-year US Treasury bonds decreased by 37 bps in July. Spreads on emerging market bonds widened by 5 bps, while spreads on corporate bonds remained unchanged. At the same time, the MSCI World stock index rose by 1.7%. At auctions for the placement of GS of the Republic of Kazakhstan in July, a slight decrease in yields was observed across the curve against the backdrop of the NBRK decision to reduce the base rate by 25 bps to 14.25%. At the same time, inflation accelerated to 8.6% per annum (8.4% in June) or 0.7% in July (0.4% in June). The average demand at auctions of RK government securities exceeded supply by 1.4 times, where the main demand was concentrated on medium-term placements of RK government securities. At the same time, there is an increase in the volume of borrowing by the MFRK from KZT0.84 trln in June to KZT1.03 trln in July.



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**

*KZT bln*

Description	Investment income in 2024
Income in the form of remuneration on securities, including on placed deposits and reverse REPO transactions and from market revaluation of securities	904.17
Income (loss) from market revaluation of securities	-85.8
Income (loss) from foreign currency revaluation	167.73
Income (loss) on assets under external management	420.95
Other income (losses)	1.01
<b>Total</b>	<b>1,408.06</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 August 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	0.09%	yes
	Cash in foreign currency	0.23%	yes
<b>1</b>	<b>Kazakhstani issuers:</b>	<b>60.67%</b>	yes
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	44.04%	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

1.1.1	Government securities of the Republic of Kazakhstan issued by local executive bodies of the Republic of Kazakhstan	0.00%	yes
1.2	Deposits of the National Bank of the Republic of Kazakhstan	0.10%	yes
1.3	Securities of the quasi-public sector entities	11.07%	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:	5.15%	yes
1)	Debt securities	4.17%	yes
2)	Equity securities	0.08%	yes
3)	Deposits	0.90%	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	0.30%	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>36.90%</b>	yes
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	21.47%	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	6.30%	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
2.6	Shares, depositary receipts for shares	8.85%	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	0.24%	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	0.48%	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	280,619,240,000,,
GS RK	KZT	Government of RK	101,730,000,000,,
STB bonds	KZT	Halyk Bank of Kazakhstan JSC	39,134,570,000
STB bonds	KZT	Otbasy Bank Housing Construction Savings Bank JSC	50,500,000,000,,
<b>Total</b>			<b>471,983,810,000</b>

**Table 6. Information on repayments of principal debt on securities in the reporting month**

<b>Instrument</b>	<b>Currency</b>	<b>Issuer</b>	<b>Amount to be repaid in tenge</b>
US GS	USD	US Government	138,496,950,000
Bonds of quasi-public organizations of the Republic of Kazakhstan	KZT	Development Bank of Kazakhstan JSC	30,000,000,000
STB deposits	KZT	Eurasian Development Bank	17,000,000,000,
Deposits in the foreign banks	USD	Bank of Nova Scotia	33,173,130,000
<b>Total</b>			<b>218,670,080,000</b>