

Information of the Pension Assets Investment Management of Unified Accumulative Pension Fund Joint Stock Company (UAPF JSC)

As of July 01, 2020 UAPF JSC pension assets (hereinafter referred to as PA) under fiduciary management of the National Bank of RK (hereinafter, NBRK) amounted to KZT 11,784.0 bln¹.

Structure of UAPF PA investment portfolio is presented in Table 1.

Table 1. Structure of UAPF PA investment portfolio under fiduciary management of the National Bank of RK by financial instruments

KZT bln

Name	Current Value as of 01/01/2020	Share as of 01/01/2020	Current Value as of 01/07/2020	Share as of 01/07/2020	Increase/Decrease from the Beginning of the Year
Government securities of MF RK	3,924.29	36.34%	4,709.88	39.97%	20.02%
Notes of NB RK	443.71	4.11%	220.69	1.87%	-50.26%
Foreign government securities	1,235.06	11.44%	1,380.07	11.71%	11.74%
IPO	361.70	3.35%	362.24	3.07%	0.15%
Corporate bonds of RK issuers	28.49	0.26%	24.42	0.21%	-14.30%
Bonds of quasi-public organizations of RK	1,604.96	14.86%	1,694.87	14.38%	5.60%
Bonds of second tier banks of RK	1,183.29	10.96%	1,177.99	10.00%	-0.45%
Corporate bonds of foreign issuers	9.33	0.09%	8.89	0.08%	-4.78%
Bonds of foreign quasi-public organizations	232.50	2.15%	245.78	2.09%	5.71%
PPN	30.80	0.29%	31.92	0.27%	3.62%
Shares and depository receipts of RK issuers	239.36	2.22%	271.58	2.30%	13.46%
Shares and depository receipts of foreign issuers	29.03	0.27%	23.72	0.20%	-18.30%
Deposits	254.91	2.36%	251.67	2.14%	-1.27%
NBRK Deposits	138.00	1.28%	189.10	1.60%	37.03%
Deposits in foreign banks	328.42	3.04%	663.96	5.63%	102.17%
SWAP	18.40	0.17%	10.17	0.09%	-44.72%
Cash on investment accounts	510.67	4.73%	86.38	0.73%	-83.08%
Other assets (accounts receivable ² , past-due accounts, provisions)	13.49	0.12%	16.77	0.14%	24.29%
REPO	-	-	6.95	0.06%	
Assets under external management	211.89	1.96%	406.97	3.45%	92.07%
Total PA under fiduciary management of NBRK	10,798.31	100.00%	11,784.00	100.00%	9.13%
Cash on investment accounts for settlement of transactions					
Cash on contribution and benefit payment accounts	10.90		5.73		
Total Pension Assets	10,809.21		11,789.73		9.07

Average yield to maturity of debt financial instruments in the Fund's PA investment portfolio as of July 01, 2020 is 7.2% including those nominated in KZT – 9.2% and nominated in foreign currency – 2.3% per annum.

¹ less cash on contribution and benefit payment accounts.

² accounts receivable includes amounts to receive on interest and/or principle debt on coupon date, but not maturity date in accordance with prospectus of share issue.

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

The main part of UAPF PA portfolio is occupied by government securities of the Ministry of Finances of RK with the current value of KZT 4,709.88 increasing by KZT 62.14 bln. Their share in the portfolio amounted to 39.97%.

There were Government Securities of MFRK sold in amount of KZT 15.25 bln. Also the Government Securities of MF RK were redeemed in amount of KZT 22.19 bln in the period.

In the reporting period the Government Securities of the Ministry of Finances of RK nominated in KZT were acquired in amount of KZT 109.00 bln with yield to maturity 10.84% per annum.

As of the reporting date, the average yield to maturity of KZT nominated government securities of RK in UAPF PA portfolio is 8.6% per annum, while those nominated in USD – 4.4% per annum.

Notes of the National Bank of the Republic of Kazakhstan

The current value of the notes of RK National Bank as of reporting date amounted to KZT 220.69 bln. Their share is 1.87%.

In the reporting period there were redemption of the Notes of the National Bank of the Republic of Kazakhstan in total amount of KZT 0.14 bln. Within the framework of current liquidity management in order to maintain return on pension assets, investments were made in the notes of the National Bank of Kazakhstan in the amount of KZT 21.73 bln with an average weighted yield of 9.70% per annum. There were no sales of notes of the National Bank of the Republic of Kazakhstan.

Foreign Government Securities

The current value of bonds of Foreign Government Securities for the reporting month increased by KZT 52.43 bln and amounted to KZT 1,380.07 bln. Their share in the portfolio is 11.71%.

There were US Government Securities redeemed in amount of KZT 145.06 bln. No sales took place in the period.

There were US Government securities in amount of KZT 221.40 bln with average yield to maturity 0.17% per annum acquired within the period in question.

As of reporting date the average weighted yield to maturity of the Foreign Government Securities in UAPF's PA portfolio came to 0.97% per annum.

Bonds of International Financial Organizations

The current value of bonds of International Financial Organizations for the reporting month decreased by KZT 2.62 bln and amounted to KZT 362.24 bln. Their share in the portfolio is 3.07%.

There were no purchases, sales, and redemptions of securities of International Financial Organizations.

The average weighted yield to maturity of the bonds of the International Financial Organizations nominated in KZT, with a fixed interest rate of 9.3% per annum; with an indexed interest rate - inflation and premium, nominated in USD – 5.0%.

Deposits in the Second-Tier Banks of the Republic of Kazakhstan

The current value of deposits in second-tier banks of RK with a weighted average maturity period of 4.20 years in the reporting month decreased by KZT 1.46bln and amounted to KZT 251.67bln. Their share in the portfolio is 2.14%.

Within the p period there was redemption of the deposit in Alfa-Bank SB JSC in amount of KZT 3.18 bln. There were no allocations into deposits of STB RK.

The weighted average yield to maturity of deposits of second-tier banks of RK as of the reporting date is 9.1% per annum.

Deposits in foreign banks

The current value of deposits in foreign banks for the reporting period amounted to KZT 663.96 bln. Their share in the portfolio was 5.63%.

In the reporting month, deposits in foreign banks were repaid in the total amount of KZT 82.02 bln.

In the reporting period, a deposit in a foreign bank denominated in US dollars was placed for a total amount of KZT 56.67 bln with an average yield of 0.26% per annum.

Deposits in the National Bank of RK

The current value of deposits with the National Bank of Kazakhstan as of the reporting date amounted to KZT 189.10 bln. Their share in the portfolio was 1.60%.

In the reporting month, as part of the management of current liquidity, in order to maintain the yield on pension assets, investments were made in the deposits of the National Bank of the Republic of Kazakhstan. The average volume of transactions amounted to KZT 119.68 bln with a weighted average yield of 7.75% per annum.

Corporate bonds of issuers of the Republic of Kazakhstan

The current value of corporate bonds of Kazakhstan issuers for the reporting month increased by KZT 0.19 bln and amounted to KZT 24.42 bln. Their share in the portfolio was 0.21%.

There were no sales, purchases and repayments of corporate bonds of the issuers of the Republic of Kazakhstan.

Bonds of quasi-public organizations of the Republic of Kazakhstan

The current value of the bonds of RK quasi-public organizations in the reporting month decreased by KZT 31.17 bln and amounted to KZT 1,694.87 bln. Their share in the portfolio amounted to 14.38%.

In the period under review, within the framework of the buyback, the sale of Eurobonds of KTZh JSC, as well as the repayment of the principal debt on the bonds of Development Bank of Kazakhstan JSC for a total of KZT 34.35 bln took place.

In the reporting period, bonds of Development Bank of Kazakhstan JSC were purchased in the amount of KZT 5.00 bln with a yield of 11.00% per annum.

As of the reporting date, the weighted average yield to maturity on bonds of quasi-government organizations of the Republic of Kazakhstan, denominated in KZT, was 10.5% per annum, in US dollars - 4.80% per annum.

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

The current value of the bonds of the second-tier banks of RK decreased by KZT 4.53 bln and amounted to KZT 1,177.99 bln. Their share in the portfolio is 10.00%.

In accordance with the period specified in the issue prospectus, principal debt on bonds of First Heartland Jysan Bank JSC was repaid in the amount of KZT 4.98 bln. No bonds of the second-tier banks were acquired or sold.

The weighted average yield to maturity of bonds of the second-tier banks of RK nominated in KZT amounted to 9.9%, while of those nominated in USD – 6.4% per annum.

Corporate bonds of foreign issuers

The current value of the corporate bonds of foreign issuers in the report period amount decreased by KZT 0.13 bln and amounted to KZT 8.89 bln. Their share in the portfolio amounted to 0.08%.

Within the reporting period there were no acquisitions, redemptions, sales of the corporate bonds of foreign issuers.

The weighted average yield to maturity of the corporate bonds of foreign issuers in UAPF PA portfolio as of the reporting date is 7.8% per annum.

Bonds of the quasi-public sector foreign issuers

The current value of the bonds of foreign quasi-public organizations in the reporting month decreased by KZT 4.10 bln and amounted to KZT 245.78 bln. Their share in the portfolio is 2.09%.

Within the reporting period there were no acquisitions, redemptions, and sales of the corporate bonds of foreign quasi-public organizations.

The weighted average yield to maturity of the bonds of foreign quasi-public organizations in UAPF PA portfolio is 4.6%

PPN (structured notes) of foreign issuers

The current value of PPN of foreign issuers in the reporting period came to KZT 31.92 bln. Their share in the portfolio amounted to 0.27%.

There were no acquisitions, redemptions, and sales of foreign PPN (structured notes).

Shares and depository receipts of issuers of the Republic of Kazakhstan

The current value of shares and depository receipts of RK issuers in the report period increased by KZT 44.74 bln and amounted to KZT 271.58 bln. Their share in the portfolio came to 2.30%.

In the reporting period, depository receipts of National Atomic Company Kazatomprom JSC and common shares of KEGOC JSC were purchased for a total amount of KZT 20.96 bln.

No sales shares and depository receipts of RK issuers took place in the reporting period.

Shares and depository receipts of foreign issuers

The current value of shares and depository receipts of foreign issuers in the reporting month increased by KZT 0.59 bln and amounted to 23.72 bln. Their share in portfolio amounted to 0.20%.

In the reporting period there were no sales and acquisitions of the shares and depository receipts of foreign issuers.

FX structure

UAPF PA investment portfolio of financial instruments by currencies in which the financial instruments nominated is presented in Table 2.

In the reporting period, transactions of purchase and sale with foreign currency on the Kazakhstan Stock Exchange were not concluded.

Table 2. Structure of UAPF PA investment portfolio under fiduciary management of NBRK, by currencies

KZT bln

Currency	Current Value as of 01/01/2020	Share as of 01/01/2020	Current Value as of 01/07/2020	Share as of 01/07/2020	Increase/Decrease from the Beginning of the Year
National Currency	7,201.0	66.69%	7,895.30	67.00%	9.64%
US dollar	3,261.36	30.20%	3,804.92	32.29%	16.67%
Russian ruble	33.45	0.31%	17.00	0.14%	-49.18%
Other currencies	302.50	2.80%	66.79	0.57%	-77.92%
Total:	10,798.31	100.00%	11,784.00	100.00%	9.13%

Investment results

The investment return from the beginning of the year amounted to KZT 565.67 bln in result of PA investment activity as well as due to FX volatility and change of the market value of financial instruments. The return on UAPF pension assets distributed to the accounts of contributors (beneficiaries) since the beginning of 2020 amounted to 4.97% with the inflation rate of 4.20%.

At this, as of July 1, 2020, the return on pension assets for the past 12 months (from July 2019 to June 2020) for UAPF contributors (beneficiaries) 8.94% with inflation of 7.0%. Thus, over the past 12 months, the real return on pension assets of UAPF amounted to 1.94%

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

Table 3. Structure of investment return on UAPF PA under fiduciary management of NBRK

KZT bln

Description	Investment return from the beginning of 2020
Incomes in the form of interest on securities, including placed deposits and reverse repurchase transactions	389.80
Incomes (losses) from market revaluation of securities	-8.52
Incomes (losses) from foreign currency revaluation	163.85
Incomes (losses) from other assets revaluation	-3.91
Incomes (losses) from assets under external management	20.85
Other incomes (losses)	3.60
Total:	565.67

Information on compliance with investment declaration parameters

The structural distribution of UAPF PA under fiduciary management complies with requirements of the UAPF Investment Declaration³. Shares of FX positions are within permitted levels and do not violate requirements of the UAPF Investment Declaration. Information on compliance with UAPF PA investment limits as of July 01, 2020 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	0.72%	yes
1	Kazakhstani issuers:	68.91%	
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	41.84%	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	1.60%	yes
1.3	Securities of the quasi-public sector entities	15.46%	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:	9.70%	yes
1)	Debt securities	6.86%	yes
2)	Equity securities	0.91%	yes
3)	Deposits	1.93%	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	0.02%	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	0.29%	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	25.92%	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	15.63%	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	3.54%	yes

³ UAPF Investment Declaration was approved by the resolution of the Board of the National Bank of the Republic of Kazakhstan dated March 17, 2016 No 86

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	0.85%	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	5.63%	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	0.27%	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	0.06%	yes

No.	Financial Instrument Type	Actual Value (% of PA)	Performance (Yes / No)
1	Derivative financial instruments, including:	3.21%	yes
1.1	Derivative financial instruments used to hedge investment risk	0.0%	yes
1.2	Derivative financial instruments used for investment purposes	3.21%	yes
1.3	Gold in bars and AU metallic accounts	0.0%	yes

Information on acquisitions, sales and redemptions of the financial instruments in UAPF PA Investment Portfolio

Table 5. Information on financial instruments acquired in the reporting month

Instrument	Currency	Issuer	Nominal Value in KZT
US GS	USD	US Government	221,401,600,000.00
GS RK	KZT	RK Government	109,000,000,000.00
GS RK	KZT	The National Bank of the Republic of Kazakhstan	21,730,000,000.00
Ordinary Shares	KZT	KEGOC JSC	14,998,750,000.00
Depository Receipts	USD	The National Atomic Company Kazatomprom JSC	5,963,399,205.00
Bonds	KZT	Development Bank of Kazakhstan JSC	5,000,000,000.00
Total			378,093,749,205.00

Table 6. Information on financial instruments sold in the reporting month

Instrument	Currency	Issuer	Transaction Value in KZT
GS RK	KZT	Government of RK	15,247,497,367.00
Bonds	USD	KTZh JSC	30,979,584,000.00
Total			46,227,081,367.00

Table 7. Information on the repayment of the principal debt for securities in the reporting period

Instrument	Currency	Issuer	Amount Repayable in KZT
US GS	USD	US Government	145,057,200,000.00
GS RK	KZT	RK Government	22,190,245,000.00
Bonds	KZT	First Heartland Jysan Bank JSC	4,982,690,000.00
Bonds	KZT	Development Bank of Kazakhstan JSC	3,371,308,800.00
GS RK	KZT	The National Bank of the Republic of Kazakhstan	139,061,500.00
Total			175,740,505,300.00

Table 8. Information on placements in deposits of foreign banks in the reporting month

Instrument	Currency	Bank	Transaction Amount, KZT
Deposit	USD	Credit Agricole	56,670,600,000.00
Total			56,670,600,000.00

Table 9. Information on the repayment of the principal debt for deposits in the reporting period

Instrument	Currency	Bank	Amount Repayable in KZT
Deposit	USD	ING Bank	39,932,000,000.00
Deposit	USD	Credit Agricole	36,331,200,000.00
Deposit	RUB	Natixis	5,760,000,000.00
Deposit	KZT	SB Alfa Bank JSC	3,176,556,855.00

Total		85,199,756,855.00
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