

## UAPF JSC

### STRUCTURE OF PENSION ASSETS INVESTMENT PORTFOLIO

As of June 01, 2017 UAPF JSC pension assets (further – PA) under fiduciary management of the National Bank of RK amounted to KZT 6 998.89 bln<sup>1</sup>

Structure of UAPF pension assets investment portfolio is in Table 1.

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

Description	<i>KZT bln</i>				
	Current value as of 01.01.2017	Share on 01.01.2017	Current value as of 01.06.2017	Share on 01.06.2017	Growth/loss from the beginning of the year. %
<b>Government securities of RK</b>	2 910.82	43.57%	2 902.20	41.47%	-0.30%
<b>Foreign government securities</b>	365.01	5.46%	639.84	9.14%	75.29%
<b>IFO</b>	86.63	1.30%	83.89	1.20%	-3.17%
<b>Corporate bonds of RK emitters</b>	84.03	1.26%	84.01	1.20%	-0.03%
<b>Bonds of quasi public organizations of RK</b>	900.17	13.48%	885.89	12.66%	-1.59%
<b>Bonds of STB RK</b>	1 450.20	21.71%	1 364.14	19.49%	-5.93%
<b>Corporate bonds of foreign emitters</b>	137.92	2.07%	123.49	1.77%	-10.46%
<b>PPN</b>	31.64	0.47%	31.02	0.44%	-1.97%
<b>Shares and depository receipts of RK emitters</b>	127.46	1.91%	142.13	2.03%	11.51%
<b>Shares and depository receipts of foreign emitters</b>	18.33	0.27%	17.71	0.25%	-3.34%
<b>Deposits</b>	399.91	5.99%	342.28	4.89%	-14.41%
<b>Deposits in foreign banks</b>	-	-	315.89	4.51%	-
<b>REPO</b>	-	-	48.26	0.69%	-
<b>Cash on investment accounts (less liabilities under financial instruments transactions)</b>	151.84	2.27%	0.75	0.01%	-99.51%
<b>Other assets (accounts receivable<sup>2</sup>, past-due debt, provisions)</b>	16.18	0.24%	17.39	0.25%	7.48%
<b>Total PA under fiduciary management of NBRK</b>	<b>6 680.14</b>	<b>100.00%</b>	<b>6 998.89</b>	<b>100.00%</b>	<b>4.77%</b>
<b>Cash on contribution and benefit payment accounts</b>	9.52		2.19		
<b>PA Total</b>	<b>6 689.66</b>		<b>7 001.08</b>		<b>4.66%</b>

Average YTM of debt instruments in the Fund's PA investment portfolio as of June 01, 2017 was 8.1%.

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

Government securities of RK take main share of UAPF PA portfolio. In the report month their current value was increased by KZT 148.80 bln and came to KZT 2 902.20 bln. They took 41.47% of the portfolio.

Within the report month there was purchase of the short-term discount notes of NBRK in amount of KZT 786.53 bln at their nominal value with average YTM 10.3% per annum, MinFin securities in amount of KZT 20.00 bln at their nominal value with average YTM 9.4% per annum.

There was repayment of discount notes of NBRK in amount of KZT 661.00 bln.

<sup>1</sup> less cash on contribution and benefit payment accounts.

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

Average yield to maturity of the Government securities of RK in UAPF PA portfolio came to 8.5%.

#### **Foreign government securities.**

Current value of FGS within the month increased by KZT 39.23 bln upto KZT 639.84 bln. Their share came to 9.14%.

Within the period short term US Treasury bonds were purchased in amount of KZT 66.13 bln at their nominal value with average YTM 0.9%, securities of RF Government in amount of KZT 2.22 bln at their nominal value with average YTM 8.2% per annum.

Foreign government securities were redeemed in amount of KZT 25.32 bln in the period.

Within the report period average yield to maturity of foreign government securities in the PA portfolio came to 1.8% per annum.

#### **IFO bonds.**

In May 2017 current value of IFO bonds decreased by KZT 1.68 bln upto KZT 83.89 bln. The share of IFO bonds came to 1.20%.

Within the reporting period there were Russian Rubles nominated IFO securities redeemed in amount of KZT 2.03 bln.

No other transactions with IFO bonds took place within the period.

Average yield to maturity of the IFO bonds in UAPF PA portfolio came to 7.3% per annum.

#### **Deposits in second tier banks (STB) of RK.**

As of June 01, 2017 amount of STB deposits in the report period increased by KZT 1.08 bln and came to KZT 342.28 bln. Share of deposits came to 4.89%.

Neither redemptions nor allocations of deposits in RK STB took place in the period.

Average yield to maturity of STB deposits in PA portfolio was 10.9% per annum

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

As of June 01, 2017 current value of deposits in foreign banks decreased by KZT 1.68 bln and came to KZT 315.89 bln. Their share was 4.51%.

Average yield to maturity of STB deposits in PA portfolio was 1.2% per annum.

#### **RK corporate bonds**

Current value of RK corporate bonds amounted to KZT 84.01 bln increasing by KZT 0.76 bln. Their share came to 1.20%.

No transactions took place in the period.

Average yield to maturity of corporate bonds of RK emitters came to 11.5%.

#### **Bonds of quasi-public organizations of RK**

Amount of bonds of quasi-public organizations decreased by KZT 5.47 bln and came to 885.89 bln. Their share in the portfolio took 12.66%.

In May 2017 there was purchase of RK quasi public organizations' bonds in amount of KZT 5.25 bln at their nominal value with average YTM 10.5% per annum.

In the report period there were no other transactions with these instruments.

Average YTM of these securities in the UAPF PA portfolio was 9.8% per annum.

#### **Bonds of STB RK**

Within the report month current value of STB bonds decreased by KZT 33.65 bln and came to KZT 1 364.14 bln. Their share took 19.49%.

In May 2017 there was redemption of principal debt of RK STB bonds nominated in USD in amount of KZT 31.83 bln as well as nominated in KZT in amount of KZT 11.19 bln. Within the period there were no other transactions with bonds of RK STB.

Average YTM of STB bonds was 9.8% per annum.

### Foreign corporate bonds

In the report period amount of foreign corporate bonds decreased by KZT 7.10 bln and came to KZT 123.49 bln. The share came to 1.77%.

There were no transactions with foreign corporate bonds in the PA portfolio of UAPF in the period.

Average yield to maturity of corporate bonds emitters in PA portfolio was 9.1% per annum.

### PPN

PPN (structured notes) amount in the report period came to KZT 31.02 bln decreasing by KZT 0.01 bln with share in portfolio of 0.44%.

No transactions with foreign PPN took place in the report period.

### Shares and depository receipts of RK emitters

In the report period amount of shares and depository receipts of RK emitters increased by KZT 3.27 bln and amounted to KZT 142.13 bln. The share came to 2.03% of the portfolio.

In the report period there were no transactions with RK emitters' shares.

### Foreign shares and depository receipts

In the report period current value of foreign shares and depository receipts increased by KZT 0.11 bln and came to KZT 17.71 bln. Their share in portfolio came to 0.25%.

There were neither sales nor purchases of these instruments in the period.

UAPF pension assets investment portfolio by currencies is in Table 2.

**Table 2. Structure of UAPF pension assets investment portfolio under fiduciary management of NBRK by currencies**

Currency	Current values as of 01.01.2017	Share on 01.01.2017	Current values as of 01.06.2017	Share on 01.06.2017	Growth/loss from the beginning of the year, %
National Currency	5 142.38	76.98%	5 119.78	73.15%	-0.44%
US dollars	1 492.44	22.34%	1 832.99	26.19%	22.82%
Russian Rubles	35.12	0.53%	35.66	0.51%	1.56%
Other currencies	10.20	0.15%	10.45	0.15%	2.44%
<b>Total:</b>	<b>6 680.14</b>	<b>100.00%</b>	<b>6 998.89</b>	<b>100.00%</b>	<b>4.77%</b>

KZT bln

### Investment results

Investment return of five months of 2017 amounted to KZT 126.91 bln in result of pension assets investment under fiduciary management by NBRK as well as due to FX volatility and change of market value of UAPF pension assets portfolio's instruments. So return of UAPF pension assets distributed on members' accounts from 01.01.2017 to 31.05.2017 was 1.69%.

Structure of investment income is in Table 3.

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

Description	Investment return from the beginning of 2017
Income as remuneration on securities including deposits and Reverse REPO	212.26
Income (loss) of market revaluation	7.33
Income (loss) of FX revaluation	-92.62
Other income (loss)	-0.06

KZT bln

<b>Total:</b>	<b>126.91</b>
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### **Compliance with investment declaration parameters**

Structure distribution of UAPF PA under fiduciary management complies with requirements of the UAPF Investment Declaration<sup>3</sup>. As presented in Table 4 shares of foreign currencies positions are within permitted levels and do not violate requirements of the UAPF Investment Declaration as of 01.06.2017.

**Table 4. UAPF PA Investment limits**

No.	Financial instrument	Actual value (in % of pension assets)	Requirement performance (yes / no)
<b>1</b>	<b>Foreign emitters:</b>	<b>16.39%</b>	<b>yes</b>
1.1	Government, Agents and IFO securities:	<b>10.34%</b>	yes
1)	with rating of no less than BBB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies	8.25%	yes
2)	with rating from BB+ to BB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	2.09%	yes
1.2	Corporate debt securities:	<b>0.84%</b>	yes
1)	with securities and/or emitter's rating of no less than BBB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	0.09%	yes
2)	with securities and/or emitter's rating from BB+ to BB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	0.75%	yes
1.3	MBS and ABS with securities and/or emitter's rating of no less than BBB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	<b>0.00%</b>	yes
1.4	Shares, deposit receipts on shares	<b>0.25%</b>	yes
1.5	Deposits in the foreign banks with rating of no less than "A-" on international scale of Standard & Poor's or rating of same level of one of the other rating agencies	<b>4.51%</b>	yes
1.6	Structured products of emitters with rating of no less than BBB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies	<b>0.44%</b>	yes
1.7	Islamic Financing Instruments:	<b>0.00%</b>	yes
1)	with securities and/or emitter's rating of no less than BBB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	0.00%	yes
2)	with securities and/or emitter's rating from BB+ to BB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	0.00%	yes
<b>2</b>	<b>Kazakhstani Emitters:</b>	<b>80.59%</b>	yes
2.1	RK Government securities	<b>41.47%</b>	yes
2.2	Securities of the quasi-public sector	<b>13.65%</b>	yes
2.3	Financial instruments of Kazakhstani second tier banks	<b>25.22%</b>	yes
2.4	Non-Government securities except for debt securities of the quasi-public sector and second tier banks of the Republic of Kazakhstan, with securities and/or emitter's rating of no less than B- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies	<b>0.09%</b>	yes
2.5	Non-Government securities except for share securities of the quasi-public sector and second tier banks of the Republic of Kazakhstan included into the first category of the KASE official list	<b>0.17%</b>	yes

<sup>3</sup> 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

2.6	Islamic financing instruments included into the KASE official list	0.06%	yes
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**Table 5. UAPF PA investment limits on certain types of financial limits**

No.	Financial instrument	Actual (in percent of pension assets)	Performance (yes/no)
1	Standard derivatives	0.00%	yes
1)	If the derivatives are used for investment risk hedging	0.00%	yes
2	Gold in bars and AU metallic accounts	0.00%	yes

**Information on UAPF investment portfolio transactions within reporting period**

**Table 6. Financial instruments acquisition info**

Transaction date	Maturity date	Instrument	Issuer	ISIN	Currency nominal	Nominal value in KZT	Nominal value in foreign currency
02.05.2017	10.05.2017	NOTES OF NBRK	National Bank of RK	KZW1KD089202	KZT	7 390 741 500	
02.05.2017	10.05.2017	NOTES OF NBRK	National Bank of RK	KZW1KD089202	KZT	45 500 000 000	
02.05.2017	03.04.2021	MEOKAM 48	MinFin RK	KZK2KY040501	KZT	5 000 000 000	
02.05.2017	03.04.2021	MEOKAM 48	MinFin RK	KZK2KY040501	KZT	5 000 000 000	
03.05.2017	10.05.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079211	KZT	4 107 739 700	
03.05.2017	10.05.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079211	KZT	39 900 000 000	
04.05.2017	11.05.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079237	KZT	10 293 035 400	
04.05.2017	11.05.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079237	KZT	44 700 000 000	
04.05.2017	07.09.2017	FOREIGN STATE SECURITIES	US Treasury Bill	US912796LT40	USD	35 987 520 000	114 000 000
10.05.2017	17.05.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079252	KZT	4 710 532 000	
10.05.2017	17.05.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079252	KZT	87 100 000 000	
11.05.2017	18.05.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079278	KZT	9 773 303 500	
11.05.2017	18.05.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079278	KZT	71 100 000 000	
15.05.2017	03.04.2021	MEOKAM 48	MinFin RK	KZK2KY040501	KZT	10 000 000 000	
15.05.2017	15.03.2018	FOREIGN STATE SECURITIES	Russia - OFZ	RU000A0JRCJ6	RUB	2 224 000 000	400 000 000
17.05.2017	24.05.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079328	KZT	5 904 685 200	
18.05.2017	25.05.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079344	KZT	17 853 882 400	
18.05.2017	25.05.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079344	KZT	138 300 000 000	
19.05.2017	26.05.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079351	KZT	1 474 024 800	
19.05.2017	26.05.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079351	KZT	19 100 000 000	
22.05.2017	14.09.2017	FOREIGN STATE SECURITIES	US Treasury Bill	US912796KL23	USD	30 137 900 000	97 000 000
24.05.2017	31.05.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079393	KZT	5 862 071 000	

24.05.2017	31.05.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079393	KZT	55 540 000 000	
25.05.2017	01.06.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079419	KZT	95 100 000 000	
25.05.2017	01.06.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079419	KZT	23 900 000 000	
26.05.2017	02.06.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079427	KZT	6 300 000 000	
26.05.2017	02.06.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079427	KZT	24 700 000 000	
31.05.2017	07.06.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079468	KZT	12 023 409 600	
31.05.2017	07.06.2017	NOTES OF NBRK	National Bank of RK	KZW1KD079468	KZT	55 900 000 000	
31.05.2017	31.05.2022	Bonds	Bank of Development of Kazakhstan JSC	KZP02Y05F512	KZT	5 249 000 000	
<b>Total</b>						<b>880 131 845 100</b>	

**Table 7. Info on deposit allocation within reporting period**

Transaction date	Maturity date	Emitter	Nominal currency	Transaction amount KZT	Transaction amount in foreign currency
03.05.2017	03.07.2017	CREDIT AGRICOLE CIB	USD	32 796 400 000	104 000 000
26.05.2017	25.08.2017	BANK OF TOKYO-MITSUBISHI, LTD.	USD	50 165 990 000	161 000 000
<b>Total</b>				<b>82 962 390 000</b>	

**Table 8. Info on principal redemption within reporting period**

ISIN	Instrument	Emitter	Actual maturity date	Amount payable in KZT	Amount payable in foreign currency	Nominal currency
KZW1KD079153	NOTES OF NBRK	National Bank of RK	03.05.2017	29 886 576 200	-	KZT
XS0298931287	EuroBonds	Khalyk Bank of Kazakhstan JSC	03.05.2017	31 827 960 150	100 929 000	USD
KZW1KD079179	NOTES OF NBRK	National Bank of RK	04.05.2017	62 502 526 200	-	KZT
KZW1KD089202	NOTES OF NBRK	National Bank of RK	10.05.2017	52 890 741 500	-	KZT
KZW1KD079211	NOTES OF NBRK	National Bank of RK	10.05.2017	44 007 739 700	-	KZT
KZPC8Y10B654	Bonds	CenterCredit Bank JSC	10.05.2017	1 192 620 000	-	KZT
KZP04Y03D211	Bonds	CenterCredit Bank JSC	10.05.2017	9 994 500 000	-	KZT
KZW1KD079237	NOTES OF NBRK	National Bank of RK	11.05.2017	54 993 035 400	-	KZT
XS0506224871	EuroBonds	European Bank for Reconstruction and Development	12.05.2017	2 033 190 000	369 000 000	RUB
KZW1KD079252	NOTES OF NBRK	National Bank of RK	17.05.2017	91 810 532 000	-	KZT
KZW1KD079278	NOTES OF NBRK	National Bank of RK	18.05.2017	80 873 303 500	-	KZT
US912796KZ19	FOREIGN STATE SECURITIES	US Treasury Bill	19.05.2017	25 316 550 000	81 000 000	USD
KZW1KD079328	NOTES OF NBRK	National Bank of RK	24.05.2017	5 904 685 200	-	KZT
KZW1KD079344	NOTES OF NBRK	National Bank of RK	25.05.2017	156 153 882 400	-	KZT
KZW1KD079351	NOTES OF NBRK	National Bank of RK	26.05.2017	20 574 024 800	-	KZT
KZW1KD079393	NOTES OF NBRK	National Bank of RK	31.05.2017	61 402 071 000	-	KZT
<b>Total</b>				<b>731 363 938 050</b>		

**Table 9. Info on deposit principal redemption within reporting period**

Payment date	Closure date	Emitter	Amount payable in KZT	Amount payable in foreign currency	Nominal currency
03.05.2017	03.05.2017	CREDIT AGRICOLE CIB	32 796 400 000	104 000 000	USD
26.05.2017	26.05.2017	BANK OF TOKYO-MITSUBISHI, LTD.	49 854 400 000	160 000 000	USD

<b>Total</b>			<b>82 650 800 000</b>		
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