

## Information Regarding Investment Management of ENPF JSC Pension Assets

As at November 1-st, 2021, the pension assets (hereinafter referred to as PA) of ENPF, which are under trust management of the National Bank of the Republic of Kazakhstan (hereinafter referred to as NBRK), were worth 13 231.90 bln. tenge<sup>1</sup>.

The structure of the investment portfolio of financial instruments established based on the pension assets of ENPF, is set out in Table 1.

**Table 1. Structure of Investment Portfolio of ENPF PA Under Trust Management of NBRK In Respect of Financial Instruments**

<i>bln. tenge</i>					
Description	Current value as at 01.01.2021.	Share as at 01.01.2021.	Current value as at 01.11.2021.	Share as at 01.11.2021.	Growth/ decline since the year began
Government Securities of the Finance Ministry of the Republic of Kazakhstan	5 648.40	43.80%	4 943.24	37.36%	-12.48%
Notes of the NBRK	81.65	0.63%	-	0.00%	-100.00%
Government Securities of foreign countries	1 280.10	9.93%	1 577.93	11.93%	23.27%
International Financial Organizations	531.43	4.12%	517.23	3.91%	-2.67%
Corporate Bonds issued by issuers of the Republic of Kazakhstan	29.80	0.23%	23.71	0.18%	-20.43%
Bonds of quasi-state organizations of the Republic of Kazakhstan	1 821.67	14.13%	1 724.49	13.03%	-5.33%
Bonds of Second Tier Bank of the Republic of Kazakhstan	1 158.49	8.98%	1 039.68	7.86%	-10.26%
Corporate bonds issued by foreign issuers	6.89	0.05%	4.06	0.03%	-41.12%
Bonds issued by foreign issuers in the quasi-state (quasi-public) sector	256.44	1.99%	-	0.00%	-100.00%
PPN (Structural Notes)	33.34	0.26%	10.45	0.08%	-68.65%
Shares and depositary receipts issued by issuers of the Republic of Kazakhstan	294.31	2.28%	486.35	3.68%	65.25%
Shares and depositary receipts issued by foreign issuers	30.50	0.24%	0.20	0.001%	-99.35%
Deposits	251.71	1.95%	250.18	1.89%	-0.61%
Deposits of the NBRK	332.19	2.58%	346.80	2.62%	4.40%
Deposits with foreign banks	282.90	2.19%	754.81	5.70%	166.81%
Cash on investment accounts	12.02	0.09%	152.93	1.16%	
Repo (RP)	26.25	0.20%	81.66	0.62%	211.11%
Assets under outside management	816.53	6.33%	1 309.61	9.90%	60.39%
Other assets (accounts receivable <sup>2</sup> , past-due debt, provisions)	0	0%	17.13	0.13%	
<b>Total PA under management of the NBRK</b>	<b>12 894.60</b>	<b>100.00%</b>	<b>13 231.90*</b>	<b>100.00%</b>	<b>2.62%</b>
Dues for the transactions consummated			8.53		
Cash pension contribution and payment accounts	22.51		7.30		
<b>Total pension assets</b>	<b>12 917.11</b>		<b>13 247.74</b>		<b>2.56%</b>

\* - inclusive of 8.53 bln tenge's worth of obligations payable under consummated transactions

As at 01.11.2021., average-weighted yield to maturity (YTM) of debt financial instruments in the investment portfolio of ENPF PA comprised 7.7% per annum, including those which are tenge denominated, 9.7% per annum; including those denominated in foreign exchange – 0.6% per annum.

### Government Securities issued by the Finance Ministry of the Republic of Kazakhstan

The majority of the ENPF PA are represented by the Government Securities of the Finance Ministry of the Republic of Kazakhstan, whose current value for the reporting month has diminished by 15.49 bln. tenge to 4 943.24 bln. tenge. Their proportion in the portfolio constitutes 37.36%.

<sup>1</sup> Excluding the cash on pension contribution and payment accounts.

<sup>2</sup> 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.

During the reporting period, within the framework of transitioning to index management under clause 27 of the Investment Declaration of ENPF, Euro bonds issued by the Finance Ministry of the Republic of Kazakhstan were sold to the tune of 83.64 bln. tenge. There were no redemptions of the Government Securities of the Finance Ministry of the Republic of Kazakhstan.

During the period under review, Government Securities of the Finance Ministry of the Republic of Kazakhstan were purchased in the amount of 35.00 bln. tenge with average-weighted yield of 10.81% per annum.

As at the reporting date, the average weighted yield to maturity in respect of the Government Securities of the Finance Ministry of the Republic of Kazakhstan, tenge-denominated, constituted 9.3% per annum, USDollar denominated – 3.4% per annum.

### **Government Securities of Foreign Countries**

Current value of the Government Securities of Foreign Countries for the reporting month has increased by 237.81 bln. tenge to 1 577.93 bln. tenge. Their proportion of the portfolio constitutes 11.93%.

During the reporting period, within the framework of transitioning to index management, under clause 27 of the Investment Declaration of ENPF, Government Securities of Foreign Countries (USA, Peru, Philippines and Indonesia) in the total amount of 164.78 bln. tenge were sold, as well as there was a redemption of the USA Government Securities in the amount of 141.02 bln. tenge.

During the period under consideration, short term Government Securities of the USA were purchased in the amount of 382.92 bln. tenge with average weighted yield of 0.05% per annum, and as part of transition to index management under clause 27 of the Investment Declaration of ENPF, Government Securities of Mexico, Qatar, Columbia, Kuwait, Indonesia, Saudi Arabia, the Philippines and Morocco were purchased in the total amount of 133.50 bln. tenge with average weighted yield of 3.30% per annum.

Average yield to maturity of the Government Securities of Foreign Countries in the portfolio of ENPF PA as of the reporting date amounted to 0.6% per annum.

### **Bonds of International Financial Organizations**

Current value of the bonds of International Financial Organizations for the reporting month has increased by 1.78 bln. tenge to 517.23 bln. tenge. Their proportion of the portfolio accounts for 3.91%.

There have been no purchases, redemptions or sales of securities of International Financial Organizations.

Average weighted yield to maturity for the bonds of International Financial Organizations, which are tenge denominated, with fixed rate of consideration constituted 10.1% per annum, with indexed rate of consideration – inflation and premium.

### **Deposits with Second Tier Banks of the Republic of Kazakhstan**

Current value of the deposits with Second Tier Banks of the Republic of Kazakhstan with average weighted maturity of 2.86 years, for the reporting period, has increased by 1.90 bln. tenge to 250.18 bln. tenge. Their proportion of the portfolio makes up 1.89%.

There have been no placements or repayments of deposits by Second Tier Banks of the Republic of Kazakhstan.

Average weighted yield to maturity of deposits with Second Tier Banks of the Republic of Kazakhstan as at the reporting date equaled 9.1% per annum.

### **Deposits with Foreign Banks**

Current value of the deposits with foreign banks as at the reporting date amounted to 754.81 bln. tenge. Their proportion of the portfolio comprised 5.70%.

During the reporting month, there was a repayment of deposits taking place by foreign banks in the amount of 476.29 bln. tenge.

During the period under review, with a view to maintaining the yield of the foreign exchange portfolio, deposits were placed with foreign banks with a term of repayment between 2 and 3 months,

US Dollar denominated, in the amount of 297.75 bln. tenge with average weighted yield of 0.10% per annum.

#### **Deposits with the National Bank of the Republic of Kazakhstan**

Current value of the deposits with the National Bank of the Republic of Kazakhstan as at the reporting date comprised 346.80 bln. tenge. Their proportion of the portfolio accounted for 2.62%.

During the reporting month, within the framework of managing the current liquidity, for the purpose of maintaining the yield of the pension assets, investment was made in deposits of the National Bank of the Republic of Kazakhstan. The average volume of transactions reached 136.26 bln. tenge with average weighted yield of 8.91% per annum.

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

Current value of corporate bonds issued by issuers of the Republic of Kazakhstan for the reporting period has increased by 0.24 bln. tenge to 23.71 bln. tenge. Their proportion of the portfolio accounted for 0.18%.

There have been no purchases, sales or redemptions of the bonds issued by issuers of the Republic of Kazakhstan.

#### **Bonds issued by quasi-state organizations of the Republic of Kazakhstan**

Current value of the bonds issued by quasi-state organizations of the Republic of Kazakhstan for the reporting month has decreased by 13.36 bln. tenge to 1 724.49 bln. tenge. Their proportion of the portfolio accounted for 13.03%.

There have been no purchases, redemptions or sales of securities of quasi-state organizations of the Republic of Kazakhstan.

As at the reporting date, average weighted yield to maturity for bonds of quasi-state organizations of the Republic of Kazakhstan, tenge denominated, constituted 10.8% per annum, USDollar denominated – 5.5% per annum.

#### **Bonds of Second Tier Banks of the Republic of Kazakhstan**

Current value of the bonds of Second Tier Banks of the Republic of Kazakhstan for the reporting period has diminished by 2.70 bln. tenge to 1 039.68 bln. tenge. Their proportion of the portfolio made up 7.86%.

There have been no purchases, redemptions or sales of the bonds of Second Tier Banks of the Republic of Kazakhstan.

As at the reporting date, average weighted yield to maturity for the bonds of Second Tier Banks of the Republic of Kazakhstan constituted 10.0% per annum.

#### **Corporate bonds of foreign banks**

Current value of corporate bonds of foreign issuers amounted to 4.06 bln. tenge. Their proportion of the portfolio accounted for 0.03%.

There have been no purchases, sales or redemptions of corporate bonds of foreign issuers.

Average weighted yield to maturity of corporate bonds of foreign issuers in the portfolio of ENPF PA as at the reporting date amounted to 10.6% per annum.

#### **PPN (Principal-Protected Notes) (structural notes) of foreign issuers**

Current value of PPN (structural notes) of foreign issuers during the reporting month amounted to 10.45 bln. tenge. Their proportion of the portfolio accounted for 0.08%.

There have been no sales, redemptions or purchases of PPN (structural notes) of foreign issuers.

#### **Shares and Depositary Receipts issued by issuers of the Republic of Kazakhstan**

Current value of shares and depositary receipts issued by issuers of the Republic of Kazakhstan for the reporting month has increased by 66.17 bln. tenge to 486.35 bln. tenge. Their proportion of the portfolio accounted for 3.68%.

There have been no purchases and sales of shares and depositary receipts issued by issuers of the Republic of Kazakhstan.

### Shares and Depositary Receipts issued by foreign issuers

Current value of Shares and Depositary Receipts issued by foreign issuers amounted to 0.20 bln. tenge. Their proportion of the portfolio accounted for 0.001%.

There have been no purchases or sales of shares or depositary receipts issued by foreign issuers.

### Foreign exchange structure

Investment portfolio of financial instruments in terms of the currencies in which financial instruments are denominated as acquired at the expense of ENPF pension assets is set out in Table 2.

During the reporting period, there have been no purchase and sale transactions involving foreign exchange concluded at the Kazakhstani Stock Exchange.

**Table 2. Breakdown of the Investment Portfolio of ENPF PA Under Trust Management by the NBRK, in respect of Currencies**

Currency	Current value as at 01.01.2021.	Share as at 01.01.2021.	Current value as at 01.11.2021.	Share as at 01.11.2021.	<i>bln. tenge</i>
					Growth/ decline since the year began
National currency	9 143.27	70.91%	8 981.88	67.88%	-1.77%
US Dollars	3 726.85	28.90%	4 241.07	32.05%	13.80%
Russian Rubles	17.48	0.14%	8.40	0.06%	-51.95%
Other currencies	7.00	0.05%	0.56	0.00%	-92.02%
<b>Total:</b>	<b>12 894.60</b>	<b>100.00%</b>	<b>13 231.90</b>	<b>100.00%</b>	<b>2.62%</b>

### Results of Investment Activities

As a result of investment activities as well as due to volatility of exchange rates of foreign currencies and change in market value of financial instruments, the amount of investment income since the beginning of 2021 has amounted to 1 247.84 bln. tenge. Yield of the ENPF pension assets distributed over the accounts of depositors (recipients) since 2021 began, has amounted to 9.93% with inflation at 7.00%. Therefore, real yield of the ENPF pension assets has amounted to 2.93%.

Besides, as of November 1-st, 2021, the yield of pension assets for the last 12 months (between November 2020 and October 2021) for depositors (recipients) of ENPF represented 10.90% with inflation at 8.90%. Therefore, for the last 12 months, real yield of ENPF pension assets has amounted to 2.00%.

Breakdown of accruing investment return for the above period is set out in Table 3.

**Table 3. Breakdown of Investment Return Gained from ENPF PA Under Trust Management by the NBRK**

Description	<i>bln. tenge</i>
	Investment return for 2021
Earnings in the form of consideration with respect to securities including placed deposits and reverse RP transactions	730.36
Earnings (losses) from market re-valuation of securities	191.26
Earnings (losses) from re-valuation of foreign exchange	39.53
Earnings (losses) in respect of assets under outside management	111.44
Misc. earnings (losses)	175.25
<b>Total:</b>	<b>1 247.84</b>

### Information Regarding Compliance with the Parameters of the Investment Declaration

Structural distribution of ENPF PA under trust management complies with the requirements of the ENPF Investment Declaration<sup>2</sup>. Shares of foreign exchange items remain within the range of

<sup>2</sup> Investment Declaration of ENPF approved by resolution of the Board of the National Bank of the Republic of Kazakhstan dated February 24-th 2020 No.10

the allowable level and do not breach the requirements of the ENPF Investment Declaration. Details relating to the investment limits in terms of ENPF PA as of November 1-st, 2021 are set out in Table 4.

**Table 4. Investment Limits in terms of ENPF PA**

No.	Type of investment instrument	Actual accrual (in percent of the total volume of PA)	Done (yes/no)
	<b>Cash KZT</b>	<b>0.01%</b>	<b>yes</b>
	<b>Cash in foreign exchange</b>	<b>1.15%</b>	<b>yes</b>
<b>1</b>	<b>Kazakhstani issuers:</b>	<b>65.66%</b>	
1.1	Government securities of the Republic of Kazakhstan issued by the Finance Ministry of the Republic of Kazakhstan, the National Bank of the Republic of Kazakhstan	37.36%	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	2.62%	yes
1.3	Securities of the quasi-state sector subjects	15.34%	yes
1.4	Financial instruments of the second tier banks of the Republic of Kazakhstan which have rating assessment of a security and/or of an issuer no lower than "B" according to the scale of Standard & Poor's Agency or rating assessment of the same level by another rating agency, including:	10.18%	yes
1)	debt securities	7.12%	yes
2)	equity securities	1.17%	yes
3)	deposits	1.89%	yes
1.5	Non-government debt securities, except for debt securities of quasi-state sector subjects and second tier banks of the Republic of Kazakhstan which have rating assessment of a security and/or an issuer no lower than "B-" according to the international scale of Standard & Poor's Agency or rating assessment of the same level by another rating agency	0.00%	yes
1.5.1	Non-government debt securities issued against guarantee and/or warranty of the Government of the Republic of Kazakhstan	0.0%	yes
1.6	Non-government equity securities, except for equity securities of quasi-state sector subjects and second tier banks of the Republic of Kazakhstan which are part of the Premium category on the official list of the stock exchange of the Republic of Kazakhstan or similar to it as at the time of investment or listed at the global stock exchanges whose market capitalization exceeds three trillion US dollars	0.17%	yes
1.7	Islamic financing instruments, which are on the official list of the Stock Exchange of the Republic of Kazakhstan and (or) at the stock exchange which is functioning in the territory of Astana International Financial Center	0.0%	yes
1.8	Securities against pledge of immovable property (MBS – mortgage backed securities) and assets (ABS) with rating assessment of a security and/or issuer to be no lower than "BB-" according to the international scale of Standard & Poor's Agency or rating assessment of similar level by another rating agency	0.0%	yes
<b>2</b>	<b>Foreign issuers:</b>	<b>31.19%</b>	<b>yes</b>
2.1	Government, agency securities and securities of international financial organizations which have rating assessment of a security and/or issuer no lower than "BB-" according to the international scale of "Standard & Poor's" Agency or rating assessment of similar level of another rating agency	16.61%	yes
2.2	Municipal securities within the framework of investing in state and agency securities	0.0%	yes
2.3	Corporate debt securities which have rating assessment of a security and/or an issuer no lower than "BB-" according to the international scale of Standard & Poor's Agency or rating assessment of similar level of another rating agency	5.00%	yes
2.4	Securities against pledge of immovable property (MBS – mortgage backed securities) and assets (ABS) with rating assessment of a security and/or issuer to be no lower than "BBB-" according to the international scale of Standard & Poor's Agency or rating assessment of similar level by another rating agency	0.0%	yes
2.5	Convertible securities within the framework of investment in corporate securities which have rating assessment of a security and/or issuer no lower than "BB-" according to the international scale of Standard & Poor's Agency or rating assessment of similar level by another rating agency	0.0%	yes
2.6	Shares, depositary receipts for shares	3.81%	yes
2.7	Deposits with foreign banks which have a rating assessment no lower than "A-" according to the international scale of Standard & Poor's Agency or rating assessment of similar level of another rating agency	5.70%	yes
2.8	Structural products issued by organizations which have a rating assessment no lower than "BBB-" according to the international scale of Standard & Poor's Agency or rating assessment of similar level by another rating agency	0.08%	yes
2.9	Islamic financing instruments which have a rating assessment no lower than "BB-" according to the international scale of Standard & Poor's Agency or rating assessment of similar level by another rating agency	0.05%	yes

No.	Type of investment instrument	Actual accrual (in percent of the total volume of PA)	Done (yes/no)
1	Derivatives of financial instruments, of which:	0.00%	yes
1.1	Derivatives of financial instruments used for purposes of hedging investment risk	0.00%	yes
1.2	Derivatives of financial instruments used for investment purposes	0.00%	yes
1.3	Gold bullions and gold on metal accounts	0.0%	yes

### Information Regarding Purchases, Sales and Redemptions of Financial Instruments in the Investment Portfolio of ENPF PA

**Table 5. Information Regarding Acquisition of Financial Instruments in the Reporting Month**

Type of instrument	Currency	Security Issuer	Nominal value in tenge
US Government securities	USD	US Government (net purchases)	245 393 506 216
Government securities of Saudi Arabia	USD	Government of Saudi Arabia	31 452 500 000
Government securities of the Republic of Indonesia	USD	Government of the Republic of Indonesia (net purchases)	18 493 029 368
Government securities of Qatar	USD	Government of Qatar	18 329 355 120
Government securities of Morocco	USD	Government of Morocco	13 610 440 000
Government securities of Mexico	USD	Government of Mexico	10 630 000 000
Government securities of Columbia	USD	Government of Columbia	6 379 100 000
Government securities of Kuwait	USD	Government of Kuwait	4 672 910 000
Government securities of the Republic of the Philippines	USD	Government of the Republic of the Philippines (net purchases)	3 546 123 440
<b>Total</b>			<b>352 506 964 144</b>

**Table 6. Information Regarding Sale of Financial Instruments in the Reporting Month**

Type of instrument	Currency	Security Issuer	Transaction Amount, KZT
Government securities of the Republic of Kazakhstan	USD, KZT	Government of the Republic of Kazakhstan (net-sales)	48 638 892 540
Government securities of the Republic of Peru	USD	Government of the Republic of Peru	859 518 073
<b>Total</b>			<b>49 498 410 613</b>

**Table 7. Information Regarding Repayment of Principal in Respect of Securities during the Reporting Month**

Type of instrument	Currency	Security Issuer	Transaction Amount, KZT
US Government securities	USD	US Government	141 016 250 000
<b>Total</b>			<b>141 016 250 000</b>

**Table 8. Information Regarding Placements in Respect of Deposits with Foreign Banks During the Reporting Month**

Type of instrument	Currency	Security Issuer	Transaction Amount, KZT
Deposit	USD	Sumitomo Mitsui Banking	97 855 600 000
Deposit	USD	Credit Agricole CIB Hongkong branch	63 852 000 000
Deposit	USD	Societe Generale	51 081 600 000
Deposit	USD	Mizuho Corporate Bank, LTD. London branch	42 482 000 000
Deposit	USD	Canadian Imperial Bank of Commerce	42 481 000 000
<b>Total</b>			<b>297 752 200 000</b>

**Table 9. Information Regarding Repayments of Principal in Respect of Deposits During the Reporting Month**

Type of instrument	Currency	Bank name	Amount repayable in tenge
Deposit	USD	DBS Bank	170 078 000 000
Deposit	USD	Credit Agricole CIB Hongkong branch	92 798 240 000
Deposit	USD	Sumitomo Mitsui Banking	72 323 150 000
Deposit	USD	ING Bank N.V.	50 978 400 000
Deposit	USD	Bank of Nova Scotia, London Branch	47 607 840 000
Deposit	USD	Rabobank Nederland	42 507 000 000
<b>Total</b>			<b>476 292 630 000</b>