

## Information on the investment management of pension assets of JSC 'UAPF'

As of July 01, 2019 UAPF JSC pension assets (hereinafter referred to as PA) under fiduciary management of the National Bank of RK (hereinafter, NBRK) amounted to KZT 9 995.46 billion<sup>1</sup>.

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**

<i>KZT billion</i>					
Name	Current value as of 01.01.2019	Share as of 01.01.2019	Current value as of 01.07.2019	Share as of 01.07.2019	Growth/loss from the beginning of the year
Government securities of RK	4 057.98	43.27%	4 029.50	40.31%	-0.70%
Foreign government securities	1 191.92	12.71%	1 446.22	14.47%	21.34%
IFO	170.96	1.82%	313.23	3.13%	83.22%
Corporate bonds of RK issuers	42.06	0.45%	30.60	0.31%	-27.24%
Bonds of quasi-public organizations of RK	1 299.90	13.86%	1 370.19	13.71%	5.41%
Bonds of second tier banks of RK	1 264.78	13.49%	1 268.37	12.69%	0.28%
Corporate bonds of foreign issuers	8.85	0.09%	9.35	0.09%	5.65%
Bonds of foreign emitters of the quasi-public sector	232.92	2.48%	230.97	2.31%	-0.84%
PPN (structural notes)	33.95	0.36%	34.48	0.34%	1.56%
Shares and depository receipts of RK issuers	224.40	2.39%	225.51	2.26%	0.49%
Shares and depository receipts of foreign issuers	20.42	0.22%	27.34	0.27%	33.86%
Deposits	277.65	2.96%	265.46	2.66%	-4.39%
Deposits in NBRK	154.07	1.64%	306.14	3.06%	98.70%
Deposits in foreign banks	343.16	3.66%	288.67	2.89%	-15.88%
Swap	-	-	0.21	0.00%	-
Cash on investment accounts	126.69	1.35%	46.55	0.47%	-
Other assets (accounts receivable <sup>2</sup> , pastdue debt, provisions)	15.23	0.16%	13.20	0.13%	-13.33%
Assets under external management by Aviva Investors Global Services Limited *	82.80	0.88%	89.48	0.90%	8.07%
<b>Total PA under fiduciary management of NBRK</b>	<b>9 378.03**</b>	<b>100.00%</b>	<b>9 995.46</b>	<b>100.00%</b>	<b>6.58%</b>
Bonds payable on completed transactions	169.71		-		-
Cash on the accounts of pension contributions and payments	7.12		3.38		
<b>PA Total</b>	<b>9 554.86</b>		<b>9 998.84</b>		<b>4.65%</b>

\* - Within Global bonds of developing markets mandate

\*\* - Taking into account dues for the transactions consummated in amount of KZT 169.71 bln

Average yield to maturity (YTM) of debt financial instruments in the Fund's PA investment portfolio as of July 01, 2019 is 7.0% including those nominated in KZT – 8.5% and nominated in foreign currency – 3.7% per annum.

### Government securities of the Republic of Kazakhstan

The main part of UAPF PA portfolio is occupied by government securities of RK with the current value of KZT 4,029.50 decreasing by KZT 3.23 bln. Their share in the portfolio amounted to 40.31%.

In the reporting period the following instruments were acquired:

- short-term discount notes of NBRK in amount of KZT 148.69 bln with a weighted average yield 8.66% per annum;

<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.

- Government securities of the Ministry of Finances of RK nominated in KZT in amount of KZT 140.00 bln with YTM 8.64% per annum.

During the reporting period the discount notes of NBRK were redeemed in amount of KZT 298.17 bln.

As of the reporting date, the average YTM of KZT nominated government securities of RK in UAPF PA portfolio is 7.5% per annum, while those nominated in USD – 4.4% per annum.

### **Foreign government securities**

Current value of foreign government securities for the reporting month decreased by KZT 85.19 bln and amounted to KZT 1,446.22 bln. Their share in the portfolio is 14.47%.

In the reporting period short-term US Government securities were acquired in amount of KZT 135.62 bln on their nominal value with average YTM 2.15% per annum.

In the reporting period foreign government securities were redeemed in amount of KZT 215.45 bln.

The average YTM of foreign government securities in UAPF PA portfolio as of reporting date is 3.2% per annum.

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

The current value of bonds of International Financial Organizations for the reporting month increased by KZT 30.25 bln and amounted to KZT 313.23 bln. Their share in the portfolio is 3.13%.

There were acquired indexed bonds of the European Bank for Reconstruction and Development in amount of KZT 30.00 bln by their nominal value with return equal to inflation rate and premium of 1% per annum.

No other transactions with the securities of International Financial Organizations took place in the reporting period.

The average weighted YTM of the bonds of the International Financial Organizations nominated in KZT is 7.1% per annum while the ones nominated in USD – 5.0%.

### **Deposits in second tier banks of the Republic of Kazakhstan**

The current value of deposits in second-tier banks of RK having a weighted average maturity period of 4.96 years in the reporting month increased by KZT 1.05 bln and amounted to KZT 265.46 bln. Their share in the portfolio is 2.66%.

In the reporting period partial early payment of deposits of second-tier banks of RK in the amount of KZT 0.38 bln took place. There were no allocations into deposits of STB RK.

The weighted average YTM of deposits of second-tier banks of RK as of the reporting date is 9.4% per annum.

### **Deposits in foreign banks**

The current value of deposits in foreign banks with a weighted average maturity period of 1.03 months for the reporting month increased by KZT 53.73 bln and amounted to KZT 288.67 bln. Their share in the portfolio is 2.89%.

There was a deposit nominated in Russian Rubles allocated in amount of KZT 5.96 bln with a weighted average yield of 7.60% per annum, as well as deposits in a foreign bank, nominated in US dollars amounted to KZT 54.05 billion with a weighted average yield of 2.43% per annum.

In the reporting period there was a deposit redeemed in amount of KZT 5.91 bln.

The weighted average YTM of deposits in the foreign banks in PA portfolio is 3.0% per annum.

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

The current value of deposits in the NBRK amounted to KZT 306.14 bln. Their share is 3.06%.

In the reporting month within the current liquidity management in order to maintain return on PA KZT 6,125.00 bln were invested in overnight deposits of the NBRK with average YTM 8.00% per annum. In the reporting period deposits were redeemed in amount of KZT 6,130.00 bln.

The weighted average YTM of deposits in the NBRK is 8.00% per annum.

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

The current value of the corporate bonds of RK issuers decreased by KZT 0.54 bln and amounted to KZT 30.60bln. Their share in the portfolio amounted to 0.31%.

In the reporting month, a part of bonds of Dosjan temir joly JSC was sold in amount of KZT 1.06 bln.

There were no purchases of RK corporate bonds in the reporting period.

The weighted average YTM of corporate bonds of RK issuers in UAPF PA portfolio is 8.0% per annum.

### **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 increased by KZT 68.08 bln and amounted to KZT 1,370.19 bln. Their share in the portfolio amounted to 13.71%.

During the reporting period there were bonds of quasi-public organizations of RK purchased in amount of KZT 69.45 billion with average YTM 10.68% per annum.

There were no sales and redemptions with the bonds of the quasi-public organizations of the RK issuers in the reporting period.

As of the reporting date, the weighted average YTM of RK quasi-public organizations bonds nominated in KZT is 10.2% while of those nominated in USD – 5.0% 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 increased by KZT 1.08 bln and amounted to KZT 1,268.37 bln. Their share in the portfolio is 12.69%.

In the reporting period there was a principal debt on bonds of ForteBank JSC paid in amount of KZT 0.06 bln.

There were no other transactions with bonds of second-tier banks of RK.

The weighted average YTM of bonds of the second-tier banks of RK nominated in KZT amounted to 10.0%, 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 increased by KZT 0.25 bln and amounted to KZT 9.35 bln. Their share in the portfolio amounted to 0.09%.

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

The weighted average YTM of the corporate bonds of foreign issuers in UAPF PA portfolio as of the reporting date is 7.9% 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 0.74 bln and amounted to KZT 230.97 bln. Their share in the portfolio is 2.31%.

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

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

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

The current value of PPN (structured notes) in the reporting month decreased by KZT 0.01 bln and amounted to KZT 34.48 bln. Their share in portfolio is 0.34%.

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

### **Shares and depository receipts of RK emitters**

The current value of shares and depository receipts of RK issuers in the report period decreased by KZT 15.65 bln and amounted to KZT 225.51 bln. Their share in the portfolio came to 2.26%.

In the reporting period there were no purchases and sales of shares and depository receipts of RK issuers.

### **Shares and depository receipts of foreign emitters**

The current value of shares and depository receipts of foreign issuers in the reporting month increased by KZT 2.42 bln and amounted to KZT 27.34 bln. Their share in portfolio amounted to 0.27%.

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

### **Currency structure**

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

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

Currency	Current value as of 01.01.2019	Share as of 01.01.2019	Current value as of 01.07.2019	Share as of 01.07.2019	Increase/Decrease from the beginning of the Year
National currency	6,304.73	67.23%	6 819.66	68.23%	8.17%
US dollars	3,035.86	32.37%	3 134.16	31,36%	3.24%
Russian Rubles	30.28	0.32%	33.54	0.34%	10.76%
Other currencies	7.16	0.08%	8.10	0.08%	13.13%
<b>Total:</b>	<b>9,378.03</b>	<b>100.00%</b>	<b>9 995.46</b>	<b>100.00%</b>	<b>6.58%</b>

KZT bln

### **Investment results**

The investment return from the beginning of the year amounted to KZT 285.21 bln in result of PA investment activity as well as due to FX volatility and change of the market value of financial instruments. Return of UAPF PA distributed on depositors' (recipients) accounts from the beginning of 2019 is 2.69%.

As of July 01, 2019 the return of the UAPF PA distributed to the accounts of the contributors (beneficiaries) in the last 12 months (July 2018 – June 2019) amounted to 9.36% at the inflation rate of 5.40%. So the actual return of UAPF PA was 3.96%.

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**

Description	Investment Return in 2019
Income as remuneration on securities including deposits and reverse REPO	330.57
Income (loss) of market revaluation	-31.79
Income (loss) of foreign currency revaluation	-24.10
Income (loss) of external management	6.68
Other income (loss)	3.85
<b>Total:</b>	<b>285.21</b>

KZT bln

### **Information on compliance with investment declaration parameters**

The structural distribution of UAPF PA under fiduciary management complies with requirements of the UAPF Investment Declaration<sup>3</sup>. Shares of FX positions are within permitted

<sup>3</sup> UAPF Investment Declaration was approved by the resolution of the Board of the NBRK dated March 17, 2016 No 86

levels and do not violate requirements of the UAPF Investment Declaration. Information on compliance with UAPF PA investment limits as of 01.07.2019 is presented in Table 4

**Table 4. UAPF PA Investment limits**

No.	Financial instrument	Actual Value (expressed as percentage from the PA)	Compliance (Yes/No)
<b>1</b>	<b>Foreign emitters:</b>	<b>24.34%</b>	<b>yes</b>
1.1	Government, Agents and IFO securities:	18.39%	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	17.91%	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.	0.48%	yes
1.2	Corporate debt securities:	2.44%	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	2.34%	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.	0.10%	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	0.00%	yes
1.4	Shares, deposit receipts on shares	0.27%	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	2.89%	yes
1.6	Structured products of issuers 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	0.34%	yes
1.7	Islamic Financing Instruments:	0.00%	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 issuers:</b>	<b>74.74%</b>	<b>yes</b>
2.1	GS RK issued by Ministry of Finance of RK, NBRK	40.31%	yes
2.1-1	GS RK issued by local executive bodies of RK	0.00%	yes
2.1-2	Deposits of the NBRK	3.06%	yes
2.2	Securities of the quasi-public sector	14.78%	yes
2.3	Financial instruments of second tier banks of the Republic of Kazakhstan	16.24%	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	0.09%	yes
2.4-1	Non-Government securities issued under guaranty and / or warranty of the Government of RK	0.00%	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	0.26%	yes
2.6	Islamic financing instruments included into the KASE official list	0.00%	yes

**Table 5. UAPF PA investment limits on certain types of financial instruments**

No.	Financial instrument	Actual Value (expressed as percentage from the PA)	Performance (Yes/No)
1	Standard derivative financial instruments	0.00%	yes
1)	In case if derivative financial instruments are used for hedging investment risk	0000%	yes
2	Gold in bars and AU metallic accounts	0.00%	yes

**Information on acquisitions, sales and redemptions of the financial instruments  
in UAPF PA investment portfolio**

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

Type of instrument	Issuer	Nominal value in KZT
GS RK	NBRK	148,688,560,800
GS RK	RK Government	140,000,000,000
US GS	US government	135,616,400,000
Bonds	KAZAKHTELECOM JSC	38,222,223,000
Bonds	European Bank for Reconstruction and Development	30,000,000,000
Bonds	NMH Baiterek JSC	20,000,000,000
Bonds	Bank of Development of Kazakhstan JSC	11,227,000,000
<b>Total</b>		<b>523,754,183,800</b>

**Table 7. Information on financial instruments sold in the reporting month**

Type of Instrument	Issuer	Transaction amount in KZT
Bonds	Dosjan temir joly JSC	1,059,665,278
<b>Total</b>		<b>1,059,665,278</b>

**Table 8. Information on the placement in relation to the deposits in the reporting month**

Type	Currency	Bank name	Transaction amount in KZT
Deposit	KZT	NBRK	6,125,000,000,000
Deposit	USD	Credit Agricole	54,054,830,000
Deposit	RUB	Societe Generale	5,960,000,000
<b>Total</b>			<b>6,185,014,830,000</b>

**Table 9. Information on the redemption of the principal debt for securities in the reporting month**

Type of Instrument	Issuer	Redemption amount in KZT
GS RK	NBRK	298,171,283,700
US GS	US government	215,452,240,000
Bonds	ForteBank JSC	54,719,603
<b>Total</b>		<b>513,678,243,303</b>

**Table 10. Information on the redemption of the principal debt for the deposits in the reporting month**

Type	Currency	Bank name	Redemption amount in KZT
Deposit	KZT	NBRK	6,130,000,000,000
Deposit	RUB	Societe Generale	5,910,000,000
Deposit	KZT	Bank Kassa Nova JSC	113,000,000
Deposit	KZT	Subsidiary JSC VTB Bank (Kazakhstan)	262,270,000
<b>Total</b>			<b>6,136,285,270,000</b>