

## INFO ON UAPF JSC

### PENSION ASSETS INVESTMENT MANAGEMENT

As of October 01. 2017 UAPF JSC pension assets (hereinafter. PA) under fiduciary management of the National Bank of RK (hereinafter. NBRK) amounted to KZT 7 544.70 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**

*KZT bln*

Description	Current value 01.01.2017	Share 01.01.2017.	Current value 01.10.2017.	Share 01.10.2017.	Growth/loss from the beginning of the year. %
Government securities of RK	2 910.82	43.57%	3 264.72	43.27%	12.16%
Foreign government securities	365.01	5.46%	830.99	11.01%	127.66%
IFO	86.63	1.30%	110.76	1.47%	27.85%
Corporate bonds of RK emitters	84.03	1.26%	59.31	0.79%	-29.42%
Bonds of quasi public organizations of RK	900.17	13.48%	852.85	11.30%	-5.26%
Bonds of STB RK	1 450.20	21.71%	1 265.47	16.77%	-12.74%
Corporate bonds of foreign emitters	137.92	2.07%	63.97	0.85%	-53.62%
PPN	31.64	0.47%	31.72	0.42%	0.25%
Shares and depository receipts of RK emitters	127.46	1.91%	170.82	2.27%	34.03%
Shares and depository receipts of foreign emitters	18.33	0.27%	21.95	0.29%	19.79%
Deposits	399.91	5.99%	329.17	4.36%	-17.69%
Deposits in foreign banks	-	-	479.02	6.35%	-
REPO	-	-	1.50	0.02%	-
Cash on investment accounts (less liabilities under financial instruments transactions)	151.84	2.27%	26.73	0.36%	-82.39%
Other assets (accounts receivable <sup>2</sup> , past-due debt, provisions)	16.18	0.24%	35.72	0.47%	120.71%
<b>Total PA under fiduciary management of NBRK</b>	<b>6 680.14</b>	<b>100.00%</b>	<b>7 544.70</b>	<b>100.00%</b>	<b>12.94%</b>
Cash on contribution and benefit payment accounts	9.52		32.17		
<b>PA Total</b>	<b>6 689.66</b>		<b>7 576.87</b>		<b>12.81%</b>

Average YTM of debt instruments in the Fund's PA investment portfolio as of October 01, 2017 was 7.8%.

#### 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 160.41 bln and came to KZT 3 264.72 bln. They took 43.27% of the portfolio.

В отчетном периоде были приобретены краткосрочные дисконтные Notes НБРК в объеме 1 367.62 млрд. тенге по номинальной стоимости со средневзвешенной доходностью 9.3% годовых.

Within the report month there was purchase of the short-term discount notes of NBRK in amount of KZT 1 367.62 bln on their nominal value with average YTM 9.3% per annum.

There was repayment of discount notes of NBRK in amount of KZT 1 210.88 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 8.6% per annum.

#### **Foreign government securities**

Current value of FGS within the month decreased by KZT 30.09 bln upto KZT 830.99 bln. Their share came to 11.01%.

Within the reporting period the bonds of International Bank of Azerbaijan were exchanged on the government securities of the Republic of Azerbaijan within the framework of voluntary restructuring in ratio 1 to 1 on their nominal value.

There were foreign government securities redeemed nominated in USD in amount of KZT 115.88 bln.

Within the report period average yield to maturity of foreign government securities in the PA portfolio came to 2.3% per annum.

#### **IFO bonds**

In September 2017 current value of IFO bonds increased by KZT 29.80 bln upto KZT 110.76 bln. The share of IFO bonds came to 1.47%.

Within the reporting period in accordance with the decision of the RK National Fund Management Board dated March 14, 2017 there were bonds of IFO with international scale rating AAA purchased in amount of KZT 30.00 bln on their nominal value with inflation level YTM and premium in amount of 0.1% per annum.

There were neither sales nor redemption transactions in the period.

Average yield to maturity of the IFO bonds in UAPF PA portfolio came to 7.2% per annum.

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

Current value of STB deposits with average maturity period of 5.7 years in the report period decreased by KZT 7.24 bln and came to KZT 329.17 bln. Share of deposits came to 4.36%.

Within the reporting period there was partial principal redemption in amount of KZT 4.5 bln.

No STB deposits allocations took place in the period.

Average yield to maturity of STB deposits in PA portfolio was 10.7% per annum.

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

As of October 01, 2017 current value of deposits in foreign banks with average maturity period of 1,8 months came to KZT 479.02 bln increasing by KZT 69.04 bln. Their share was 6.35%.

Average yield to maturity of STB deposits in PA portfolio was 1.3% per annum.

#### **RK corporate bonds**

Current value of RK corporate bonds amounted to KZT 59.31 bln increasing by KZT 0.55 bln. Their share came to 0.79%.

No transactions took place in the period.

Average yield to maturity of corporate bonds of RK emitters came to 11.4%.

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

Within the reporting period current value of the bonds of RK quasi-public organizations decreased by KZT 18.0 bln due to planning Samruk-Qazyna FNW JSC bonds redemption (redemption period from 24.09.2017. to 06.10.2017.) and amounted to KZT 852.85 bln. Their share came to 11.30% of portfolio.

There were no transactions with these instruments in the period.

Average yield to maturity of RK quasi-public organizations bonds in UAPF portfolio came to 9.7%.

### **Bonds of STB RK**

Within the report month current value of STB bonds decreased by KZT 1.05 bln and came to KZT 1 265.47 bln. Their share took 16.77%.

In September 2017 there was principal redemption of KZT nominated RK STB bonds in amount of KZT 9.09 bln.

Neither purchase nor sale transactions with bonds of RK STB took place in the period. Average YTM of STB bonds was 9.9% per annum.

### **Foreign corporate bonds**

In the report period amount of foreign corporate bonds decreased by KZT 70.39 bln and came to KZT 63.97 bln. The share came to 0.85%.

Within the reporting period the bonds of International Bank of Azerbaijan were exchanged on the government securities of the Republic of Azerbaijan within the framework of voluntary restructuring in ratio 1 to 1 on their nominal value.

There were no other 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 5.8% per annum.

### **PPN**

PPN (structured notes) amount in the report period came to KZT 31.72 bln increasing by KZT 0.49 bln with share in portfolio of 0.42%.

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 decreased by KZT 1.43 bln and amounted to KZT 170.82 bln. The share came to 2.27% of the portfolio.

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

### **Foreign shares and depository receipts**

In the report period amount of foreign shares and depository receipts increased by KZT 0.66 bln and came to KZT 21.95 bln. Their share in portfolio came to 0.29%.

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	KZT bln				
	Current value as of 01.01.2017	Share on 01.01.2017	Current value as of 01.10.2017	Share on 01.10.2017	Growth/loss from the beginning of the year, %
National Currency	5 142.38	76.98%	5 365.69	71.12%	4.34%
US dollars	1 492.44	22.34%	2 133.94	28.28%	42.98%
Russian Rubles	35.12	0.53%	37.15	0.49%	5.80%
Other currencies	10.20	0.15%	7.92	0.11%	-22.35%
<b>Total:</b>	<b>6 680.14</b>	<b>100.00%</b>	<b>7 544.70</b>	<b>100.00%</b>	<b>12.94%</b>

### **Investment results**

Investment return of nine months of 2017 amounted to KZT 494.5 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 30.09.2017 was 6.68% which means 8.91% per annum.

Structure of investment income is in Table 3.

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

Description	<i>KZT bln</i>
	Investment return from the beginning of 2017
Income as remuneration on securities including deposits and Reverse REPO	380.65
Income (loss) of market revaluation	30.44
Income (loss) of FX revaluation	79.27
Other income (loss)	4.11
<b>Total:</b>	<b>494.47</b>

### **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 01.10.2017.

**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>20.39%</b>	<b>yes</b>
1.1	Government, Agents and IFO securities:	12.48%	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	9.30%	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.	3.19%	yes
1.2	Corporate debt securities:	0.85%	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.	0.76%	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	0.29%	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	6.35%	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	0.42%	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 emitters:</b>	<b>78.01%</b>	<b>yes</b>
2.1	GS RK issued by Ministry of Finance of RK, National Bank of RK	43.27%	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

2.1-1	GS RK issued by local executive bodies of RK	0.00%	yes
2.1-2	Deposits of the National Bank of RK	0.00%	yes
2.2	Securities of the quasi-public sector	12.29%	yes
2.3	Financial instruments of Kazakhstani second tier banks	22.10%	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	0.08%	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	0.27%	yes
2.6	Islamic Financing Instruments included into official list of KASE	0.00%	yes

**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 transactions with financial instruments in UAPF JSC investment portfolio**

**Table 6. Information on financial instruments purchased within the reporting month**

Date of transaction	Date of redemption	Instrument	Issuer	ISIN	Nominal currency	KZT nominal value	Foreign currency nominal value
04.09.2017	11.09.2017	Notes	National Bank of RK	KZW1KD070343	KZT	130 000 000 000	
05.09.2017	12.09.2017	Notes	National Bank of RK	KZW1KD070350	KZT	60 000 000 000	
06.09.2017	04.10.2017	Notes	National Bank of RK	KZW1KD280371	KZT	48 700 000 000	
07.09.2017	14.09.2017	Notes	National Bank of RK	KZW1KD070384	KZT	134 400 000 000	
08.09.2017	15.09.2017	Notes	National Bank of RK	KZW1KD070392	KZT	15 400 000 000	
11 09 2017	18.09.2017	Notes	National Bank of RK	KZW1KD070418	KZT	82 875 028 700	
12 09 2017	19.09.2017	Notes	National Bank of RK	KZW1KD070426	KZT	59 525 471 700	
13 09 2017	11.10.2017	Notes	National Bank of RK	KZW1KD280447	KZT	60 300 000 000	
14 09 2017	21.09.2017	Notes	National Bank of RK	KZW1KD070459	KZT	116 366 053 900	
15 09 2017	22.09.2017	Notes	National Bank of RK	KZW1KD070467	KZT	4 166 355 500	
18 09 2017	25.09.2017	Notes	National Bank of RK	KZW1KD070483	KZT	21 000 000 000	
19 09 2017	26.09.2017	Notes	National Bank of RK	KZW1KD070491	KZT	70 811 049 900	
20 09 2017	18.10.2017	Notes	National Bank of RK	KZW1KD280512	KZT	63 745 408 300	
21 09 2017	28.09.2017	Notes	National Bank of RK	KZW1KD070525	KZT	55 692 029 000	
22 09 2017	29.09.2017	Notes	National Bank of RK	KZW1KD070533	KZT	63 000 000 000	
25.09.2017	02.10.2017	Notes	National Bank of RK	KZW1KD070541	KZT	60 475 226 900	
26.09.2017	03.10.2017	Notes	National Bank of RK	KZW1KD070558	KZT	76 451 083 100	
27 09 2017	25.10.2017	Notes	National Bank of RK	KZW1KD280579	KZT	113 816 093 400	
28 09 2017	05.10.2017	Notes	National Bank of RK	KZW1KD070582	KZT	65 300 000 000	
28.09.2017	21.11.2021	IFO	European Bank for Reconstruction and Development	XS1693027580	KZT	15 000 000 000	
28.09.2017	15.12.2021	IFO	European Bank for Reconstruction and Development	XS1693029446	KZT	15 000 000 000	
29 09 2017	06.10.2017	Notes	National Bank of RK	KZW1KD070590	KZT	65 600 000 000	
<b>Total</b>						<b>1 397 623 800 400</b>	

**Table 7. Information on foreign banks deposits allocation within reporting period**

Date of transaction	Maturity date	Emitter	Nominal currency	KZT amount of transaction	Foreign currency amount of transaction
04.09.2017	04.12.2017	Credit Agricole Corporate & Investment Bank	USD	40 586 400 000	120 000 000
07.09.2017	11.12.2017	Bank of Montreal	USD	58 578 840 000	174 000 000
08.09.2017	07.12.2017	Mizuho Bank. LTD	USD	33 763 290 000	101 000 000
14.09.2017	15.12.2017	Natixis Capital Market Paris	USD	32 793 760 000	97 000 000
21.09.2017	21.12.2017	Rabobank Nederland	USD	45 947 250 000	135 000 000
<b>Total</b>				<b>211 669 540 000</b>	<b>627 000 000</b>

**Table 8. Information on principal redemptions within reporting period**

ISIN	Instrument	Emitter	Date of actual redemption	KZT maturity amount	Foreign currency maturity amount	Nominal currency
KZW1KD070301	Notes	National Bank of RK	04.09.2017	138 000 000 000		KZT
KZW1KD100280	Notes	National Bank of RK	04.09.2017	17 800 000 000		KZT
US912796LT40	GS discount	US Treasury	08.09.2017	38 109 060 000	114 000 000	USD
KZW1KD070327	Notes	National Bank of RK	07.09.2017	141 840 184 100		KZT
KZW1KD070343	Notes	National Bank of RK	11.09.2017	130 000 000 000		KZT
KZW1KD070350	Notes	National Bank of RK	12.09.2017	60 000 000 000		KZT
US912796KL23	GS discount	US Treasury	15.09.2017	32 873 300 000	97 000 000	USD
KZW1KD070384	Notes	National Bank of RK	14.09.2017	134 400 000 000		KZT
KZW1KD070392	Notes	National Bank of RK	15.09.2017	15 400 000 000		KZT
KZW1KD070418	Notes	National Bank of RK	18.09.2017	82 875 028 700		KZT
KZW1KD070426	Notes	National Bank of RK	19.09.2017	59 525 471 700		KZT
KZW1KD070459	Notes	National Bank of RK	21.09.2017	116 366 053 900		KZT
US912796LU13	GS discount	US Treasury	22.09.2017	44 894 520 000	132 000 000	USD
KZW1KD070467	Notes	National Bank of RK	22.09.2017	4 166 355 500		KZT
KZW1KD070483	Notes	National Bank of RK	25.09.2017	21 000 000 000		KZT
KZW1KD070491	Notes	National Bank of RK	26.09.2017	70 811 049 900		KZT
KZW1KD270331	Notes	National Bank of RK	27.09.2017	100 000 000 000		KZT
KZW1KD070525	Notes	National Bank of RK	28.09.2017	55 692 029 000		KZT
KZW1KD070533	Notes	National Bank of RK	29.09.2017	63 000 000 000		KZT
KZP01Y10C727	Bonds	Kazkommertsbank JSC	11.09.2017	9 094 600 000		KZT
<b>Total</b>				<b>1 335 847 652 800</b>	<b>343 000 000</b>	

**Table 9. Information on foreign banks deposit principal redemption within reporting period**

Date of redemption	Date of closing	Emitter	KZT maturity amount	Foreign currency maturity amount	Nominal currency
05.09.2017	05.09.2017	Credit Agricole Corporate & Investment Bank	40 869 600 000	120 000 000	USD
11.09.2017	11.09.2017	Mizuho Bank LTD	53 838 400 000	160 000 000	USD
29.09.2017	29.09.2017	Mizuho Bank LTD	54 590 400 000	160 000 000	USD
<b>Total</b>			<b>149 298 400 000</b>	<b>440 000 000</b>	