

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

As of April 01, 2021 UAPF JSC pension assets (hereinafter referred to as PA) under fiduciary management of the National Bank of RK (hereinafter, NBRK) amounted to KZT 12,602.31 bln¹. In March of this year, the volume of completed applications of UAPF contributors for the early use of pension savings for improving housing conditions and other purposes amounted to KZT 302.0 bln, from the beginning of this year – KZT 945.4 bln.

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 01/01/2021	Share as of 01/01/2021	Current Value as of 01/04/2021	Share as of 01/04/2021	Increase/Decrease from the Beginning of the Year
Government securities of MF RK	5,648.40	43.80%	5,505.25	43.68%	-2.53%
Notes of NB RK	81.65	0.63%	3.80	0.03%	-95.35%
Foreign government securities	1,280.10	9.93%	1,022.07	8.11%	-20.16%
IFO	531.43	4.12%	529.68	4.20%	-0.33%
Corporate bonds of RK issuers	29.80	0.23%	26.83	0.21%	-9.97%
Bonds of quasi-public organizations of RK	1,821.67	14.13%	1,793.91	14.23%	-1.52%
Bonds of second tier banks of RK	1,158.49	8.98%	1,062.57	8.43%	-8.28%
Corporate bonds of foreign issuers	6.89	0.05%	4.80	0.04%	-30.30%
Bonds of foreign quasi-public organizations	256.44	1.99%	206.72	1.64%	-19.39%
PPN	33.34	0.26%	10.94	0.09%	-67.19%
Shares and depository receipts of RK issuers	294.31	2.28%	339.92	2.70%	15.50%
Shares and depository receipts of foreign issuers	30.50	0.24%	14.09	0.11%	-53.80%
Deposits	251.71	1.95%	248.24	1.97%	-1.38%
NBRK Deposits	332.19	2.58%	61.50	0.49%	-81.49%
Deposits in foreign banks	282.90	2.19%	412.54	3.27%	45.83%
Cash on investment accounts	12.02	0.09%	217.34	1.72%	
REPO	26.25	0.20%	33.85	0.27%	28.98%
Assets under external management	816.53	6.33%	1,056.52	8.38%	29.39%
Other assets (accounts receivable ² , arrears, provisions).	0	0%	51.72	0.41%	-
Total PA under fiduciary management of NBRK	12,894.60	100.00%	12,602.31	100.00%	-2.27%
Cash on contribution and benefit payment accounts	22.51		6.20		
Total Pension Assets	12,917.11		12,608.52		-2.39

As of 01.04.2021 the weighted average yield to maturity (YTM) of debt financial instruments in the UAPF PA investment portfolio amounted to 7.7% per annum, including those denominated in KZT - 9.3% per annum, in foreign currency - 2.1% per annum.

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

¹ less cash on contribution and benefit payment accounts.

² accounts receivable include amounts receivable for interest and / or principal for which the date of commencement of repayment of the debt by the issuer has come in accordance with the terms of the prospectus for the issue of a financial instrument, as well as cash receivable from the sale of FI

The main part of UAPF PA portfolio is occupied by the Government Securities of the Ministry of Finances of RK with the current value of KZT 5,505.25 bln decreasing by KZT 86.60 bln. Their share in the portfolio amounted to 43.68%.

Within the period the Government Securities of the Ministry of Finances of RK were redeemed in amount of KZT 18.22 bln, and the Government Securities of the Ministry of Finance of the Republic of Kazakhstan were sold in the amount of KZT 63.75 bln. No GS of the Ministry of Finances of RK were acquired.

As of the reporting date, the average yield to maturity of KZT nominated government securities of RK in UAPF PA portfolio is 8.8% per annum, while those nominated in USD – 4.3% per annum.

Notes of the National Bank of the Republic of Kazakhstan

The current value of the notes of the National Bank of the Republic of Kazakhstan as of the reporting date amounted to KZT 3.80 bln. Their share in the portfolio was 0.03%.

In the period under review, there were no redemptions, sales and purchases of the notes of the National Bank of the Republic of Kazakhstan.

Foreign government securities

The current value of government securities of foreign states for the reporting month decreased by KZT 67.26 bln and amounted to KZT 1,022.07 bln. Their share in the portfolio was 8.11%.

In the period under review, as part of the transition to index management in accordance with clause 27 of the UAPF Investment Declaration, government securities of foreign states in the total amount of KZT 356.40 bln were sold, as well as the repayment of government securities of foreign states in the total amount of KZT 552.53 bln.

In the period under review, short-term US government securities were purchased in the amount of KZT 808.60 bln with a yield of 0.04% per annum.

The weighted average yield to maturity of the foreign government securities in the UAPF PA portfolio as of the reporting date was 0,6% per annum.

Bonds of international financial organizations

The current value of bonds of international financial organizations for the reporting month increased by KZT 1.38 bln and amounted to KZT 529.68 bln. Their share in the portfolio was 4.20%.

In the period under review, there were no purchases, redemptions or sales of securities of international financial organizations.

The weighted average yield to maturity on bonds of international financial organizations, denominated in KZT, with a fixed interest rate was 9.9% per annum, with an indexed interest rate - inflation and premium, and in US dollars - 5.0% per annum.

Deposits in second-tier banks of the Republic of Kazakhstan

The current value of deposits in STBs of the Republic of Kazakhstan with a weighted average maturity of 3.45 years decreased by KZT 4.51 bln during the reporting month and amounted to KZT 248.24 bln. Their share in the portfolio was 1.97%.

There were no placements and redemption of deposits in STBs of the Republic of Kazakhstan.

The weighted average yield to maturity of deposits of STB RK as of the reporting date was 9.1% per annum.

Deposits in foreign banks

The current value of deposits in foreign banks as of the reporting date amounted to KZT 412.54 bln. Their share in the portfolio was 3.27%.

In the reporting month, deposits in foreign banks were repaid for the total amount of KZT 41.95 bln.

In the reporting period, there were no placements of such deposits.

Deposits in the National Bank of the Republic of Kazakhstan

The current value of deposits with the National Bank of the Republic of Kazakhstan as of the reporting date amounted to KZT 61.50 bln. Their share in the portfolio was 0.49%.

In the reporting month, within the framework of current liquidity management in order to maintain return 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 71.66 bln with an average weighted yield of 8.00% per annum.

Corporate bonds of issuers of the Republic of Kazakhstan

The current value of corporate bonds of RK issuers for the reporting month increased by KZT 0.25 bln and amounted to KZT 26.83 bln. Their share in the portfolio was 0.21%.

In the period under review, there were no purchases, sales or redemption of corporate bonds of RK issuers.

Bonds of quasi-public organizations of the Republic of Kazakhstan

The current value of bonds of quasi-public organizations of the Republic of Kazakhstan for the reporting month decreased by KZT 9.16 bln and amounted to KZT 1,793.91 bln. Their share in the portfolio was 14.23%.

In the period under review, within the framework of the transition to index management in accordance with clause 27 of the UAPF Investment Declaration, Eurobonds of the Bank for Development of Kazakhstan JSC in the amount of KZT 24.50 bln were sold. There were no redemptions and purchases of bonds of quasi-state organizations of the Republic of Kazakhstan.

As of the reporting date, the weighted average yield to maturity on bonds of quasi-government organizations of the Republic of Kazakhstan, denominated in tenge, amounted to 10.8% per annum, in US dollars - 5.40% per annum.

Bonds of second-tier banks of the Republic of Kazakhstan

The current value of bonds of STB RK for the reporting month decreased by KZT 5.22 bln and amounted to KZT 1,062.57 bln. Their share in the portfolio was 8.43%.

In the period under review, as part of the transition to index management in accordance with clause 27 of the UAPF Investment Declaration, part of the Eurobonds of Bank CenterCredit JSC in the amount of KZT 1.45 bln was sold, and in accordance with the terms of the issue, bonds of Halyk Bank of Kazakhstan JSC in the amount of KZT 5.17 bln. There were no purchases of bonds of STB RK.

As of the reporting date, the weighted average yield to maturity on bonds of STB RK denominated in tenge amounted to 10.1% per annum, in US dollars – 0.5% per annum

Corporate bonds of foreign issuers

The current value of corporate bonds of foreign issuers for the reporting month amounted to KZT 4.80 bln. Their share in the portfolio was 0.04%.

In the reporting period, as part of the transition to index management in accordance with clause 27 of the UAPF Investment Declaration, Eurobonds of a foreign issuer in the amount of KZT 2.36 bln were sold. There were no purchases or redemption of corporate bonds of foreign issuers.

The weighted average yield to maturity of corporate bonds of foreign issuers in the UAPF PA portfolio as of the reporting date was 9.0% per annum.

Foreign bonds of the quasi-public sector

The current value of bonds of foreign issuers of the quasi-public sector for the reporting month decreased by KZT 47.26 bln and amounted to KZT 206.72 bln. Their share in the portfolio was 1.64%.

In the reporting period, as part of the transition to index management in accordance with clause 27 of the UAPF Investment Declaration, bonds of foreign issuers of the quasi-public sector were sold for a total amount of KZT 56.84 bln. There were no purchases or redemption of bonds of foreign issuers of the quasi-public sector.

The weighted average yield to maturity of bonds of foreign issuers of the quasi-public sector in the UAPF PA portfolio as of the reporting date was 4.5% per annum.

PPN (structured notes) of foreign issuers

The current value of PPN (structured notes) of foreign issuers in the reporting month amounted to KZT 10.94 bln. Their share in the portfolio was 0.09%.

There were no sales, redemptions, and purchases of PPNs (structured notes) by foreign issuers.

Shares and depositary receipts of issuers of the Republic of Kazakhstan

The current value of shares and depositary receipts of RK issuers for the reporting month increased by KZT 13.92 bln and amounted to KZT 339.92 bln. Their share in the portfolio was 2.70%.

In the period under review, shares and depositary receipts of KazTransCom JSC and ATF Bank JSC were sold for a total amount of KZT 0.52 bln. There were no purchases of shares and depositary receipts of RK issuers.

Shares and depositary receipts of foreign issuers

The current value of shares and depositary receipts of foreign issuers for the reporting month decreased by KZT 19.46 bln and amounted to KZT 14.09 bln. Their share in the portfolio was 0.11%.

In the reporting period, as part of the phased transfer of pension assets to external management companies, shares and depositary receipts of foreign issuers totaling KZT 19.64 bln were transferred.

In the reporting period, there were no purchases of shares and depositary receipts of foreign issuers.

Currency structure

The investment portfolio of financial instruments broken down by currencies in which financial instruments purchased using the UAPF's pension assets are denominated is presented in Table 2.

In the reporting period, there were no sale and purchase transactions with foreign currency on the Kazakhstan Stock Exchange.

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

KZT bln

Currency	Current Value as of 01/01/2021	Share as of 01/01/2021	Current Value as of 01/04/2021	Share as of 01/04/2021	Increase/Decrease from the Beginning of the Year
National Currency	9,143.27	70.91%	8,686.14	68.92%	-5.00%
US dollar	3,726.85	28.90%	3,898.22	30.93%	4.60%
Russian ruble	17.48	0.14%	17.59	0.14%	0.60%
Other currencies	7.00	0.05%	0.36	0.00%	-94.83%
Total:	12,894.60	100.00%	12,602.31	100.00%	-2.27%

Investment results

As a result of investment activities, as well as due to the volatility of foreign exchange rates and changes in the market value of financial instruments, the amount of accrued investment income from the beginning of 2021 amounted to KZT 367.23 bln. The return on pension assets of the UAPF, distributed to the accounts of contributors (beneficiaries) for 2021, amounted to 2.84% with inflation of 1.90%. Thus, the real return on the UAPF's pension assets amounted to 0.94%.

At the same time, as of April 1, 2021, the profitability of pension assets for the last 12 months (from April 2020 to March 2021) for contributors (beneficiaries) of the UAPF was 7.57% with inflation of 7.00%. Thus, over the past 12 months, the real return on the UAPF's pension assets amounted to 0.57%.

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

Table 3. Structure of investment income received by UAPF PA, which are in fiduciary management of the NBRK

KZT bln

Description	Investment return of 2021
Income in the form of interest on securities, including on placed deposits and reverse REPO operations.	216.85

Income (loss) from market revaluation of securities	46.01
Income (loss) from revaluation of foreign currency	24.82
Income (loss) on assets under external management	50.75
Other income (loss)	28.80
Total:	367.23

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 April 01, 2021 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	0.03%	yes
	Cash in foreign currency	1.69%	yes
1	Kazakhstani issuers:	69.40%	
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	43.71%	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	0.49%	yes
1.3	Securities of the quasi-public sector entities	15.67%	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:	9.27%	yes
1)	Debt securities	6.50%	yes
2)	Equity securities	0.97%	yes
3)	Deposits	1.81%	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	0.00%	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	0.26%	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	24.93%	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	13.13%	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	6.00%	yes
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	2.44%	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

2.7	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	3.27%	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	0.09%	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	0.03%	yes

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

**Information on purchases, sales and redemption of financial instruments in
the UAPF PA investment portfolio**

Table 5. Information on the purchase of financial instruments in the reporting month

Instrument	Currency	Issuer	Nominal Value, mln KZT
US GS	USD	US Government	808,595.9
Total			808,595.9

Table 6. Information on the sale of financial instruments in the reporting month

Instrument	Currency	Issuer	Transaction Amunt, mln KZT
US GS	USD	US Government	169,951.8
RF GS	USD	RF Government	93,267.9
RK GS	USD/ KZT	RK Government	63,753.9
GS of Indonesia	USD	Government of the Republic of Indonesia	31,370.1
Eurobonds QPSPK	USD	Bank for Development of Kazakhstan JSC	24,500.2
GS of the Mexican Government	USD	Government of Mexico	23,339.8
GS of the Republic of Chile	USD	Government of the Republic of Chile	22,555.7
GS of the Republic of the Philippines		Government of the Republic of the Philippines	13,660.4
RF QPS Eurobonds	USD	GazProm OJSC	12,363.1
Eurobonds QPS of China	USD	Export-Import Bank China	12,129.9
Eurobonds QPS of Mexico	USD	Banco Nacional COM EXT	8,961.1
Eurobonds QPS of RF	USD	Rosneft Oil Co via	7,476.5
Eurobonds QPS of China	USD	Sinopec GRP Overseas DEV	6,889.4
Eurobonds QPS of Indonesia	USD	Pertamina Persero PT	4,516.0
Eurobonds of foreign corp sector	USD	Barclays Bank PLC	2,363.7
Eurobonds QPS of India	USD	Indian Railway Finance	2,283.9
GS of the Republic of Brazil	USD	Government of the Republic of Brazil	2,255.9
Eurobonds QPS of RF	USD	Sberbank Rossii OJSC	2,220.8
Eurobonds STB RK	USD	Bank CenterCredit JSC	1,448.2
Ordinary shares	KZT	KazTransCom JSC	443.2
Ordinary shares	KZT	ATFBank JSC	71.8
Total			505,823.5

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

Instrument	Currency	Issuer	Transaction Amount, mln KZT
US GS	USD	US Government	552,529.2
GS RK	KZT	RK Government	18,222.2
Bonds	USD	Halyk Bank of Kazakhstan JSC	5,167.6
Total			575,919.0

Table 8. Information on repayment of the principal debt on deposits in the reporting month

Instrument	Currency	Bank	Amount to be Paid, mln KZT
Deposit	USD	Societe Generale	41 945.0
Total			41 945.0