

INFORMATION ON UAPF JSC

PENSION ASSETS INVESTMENT MANAGEMENT

As of October 01, 2018 UAPF JSC pension assets (hereinafter referred to as PA) under fiduciary management of the National Bank of RK (hereinafter, NBRK) amounted to KZT 8,895.12 bln¹.

Structure of UAPF pension assets 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

Description	Current value 01.01.2018	Share 01.01.2018.	Current value 01.10.2018.	Share 01.10.2018.	Growth/loss from the beginning of the year. %
Government securities of RK	3 587.63	46.14%	4 165.72	46.83%	16.11%
Foreign government securities	948.84	12.20%	1 178.68	13.25%	24.22%
IFO	172.55	2.22%	159.59	1.79%	-7.51%
Corporate bonds of RK issuers	58.30	0.75%	52.27	0.59%	-10.34%
Bonds of quasi public organizations of RK	791.68	10.18%	710.82	7.99%	-10.21%
Bonds of second tier banks of RK	1 246.49	16.03%	1 226.36	13.79%	-1.61%
Corporate bonds of foreign issuers	9.35	0.12%	8.56	0.10%	-8.45%
Bonds of foreign quasi public organizations	53.39	0.69%	178.98	2.01%	235.21%
PPN	35.00	0.45%	30.24	0.34%	-13.60%
Shares and depository receipts of RK issuers	184.14	2.37%	150.53	1.69%	-18.25%
Shares and depository receipts of foreign issuers	23.68	0.30%	21.09	0.24%	-10.95%
Deposits	325.82	4.19%	283.38	3.19%	-13.02%
Deposits in NBRK	-	-	190.08	2.14%	-
Deposits in foreign banks	277.41	3.57%	337.54	3.79%	21.68%
REPO	11.02	0.14%	106.15	1.19%	-
Cash on investment accounts	20.88	0.27%	12.66	0.14%	-39.35%
Other assets (accounts receivable ² , past-due accounts, provisions)	28.62	0.37%	3.02	0.03%	-89.44%
Assets under external management by Aviva Investors Global Services Limited*	-	-	79.42	0.89%	-
Total PA under fiduciary management of NBRK	7 774.82	100.00%	8 895.12	100.00%	14.41%
Cash on investment accounts for settlement of transactions					
Cash on contribution and benefit payment accounts	9.51		3.06		
Pension Assets Total	7 784.33		8 898.18		14.31%

* - In Global Bonds of Developing Markets mandate

Average YTM of debt financial instruments in the Fund's PA investment portfolio as of October 01, 2018 is 6.9% including those KZT denominated – 8.2% and denominated in foreign currency – 3.9% 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 4,165.72 increasing by KZT 1.69 bln. Their share in the portfolio amounted to 46.83%.

¹ less cash on contribution and benefit payment accounts.

² 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.

In the reporting period following financial instruments were acquired:

- the short-term discount notes of NBRK in amount of KZT 1,205.52 bln with a weighted average yield 8.27% per annum;
- Government securities of RK Ministry of Finance nominated in KZT in amount of KZT 26.00 bln with weighted average yield 8.45% per annum.

During the reporting period, the NBRK's discount notes were redeemed in amount of KZT 1,236.28 bln.

As of the reporting date, the average yield to maturity of KZT nominated Government securities of RK in UAPF PA portfolio is 7.4% 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 9.64 bln and amounted to KZT 1,178.68 bln. Their share in the portfolio is 13.25%.

In the reporting period short-term US Government securities were acquired in amount of KZT 78.68 bln on their nominal value with average YTM 2.28% per annum.

Within new strategic distribution of FX pension assets portfolio provided in the UAPF Investment Declaration the Government securities of Mexico denominated in USD were acquired in amount of KZT 7.16 bln by their nominal value with weighted average yield of 4.32% per annum.

In the reporting period US government securities were sold and redeemed in amount of KZT 24.29 bln and KZT 69.06 bln correspondingly.

The average yield to maturity of foreign government securities in UAPF PA portfolio as of reporting date is 3.6% per annum.

Bonds of International Financial Organizations

The current value of bonds of International Financial Organizations for the reporting month decreased by KZT 0.55 bln and amounted to KZT 159.59 bln. Their share in the portfolio is 1.79%.

There were no acquisitions, sales and redemptions of securities of International Financial Organizations.

The average weighted yield to maturity of the bonds of the International Financial Organizations nominated in KZT is 6.7% per annum while the ones nominated in USD – 5.0%.

Deposits in the 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 5.4 years in the reporting month decreased by KZT 13.48 bln and amounted to KZT 283.38 bln. Their share in the portfolio is 3.19%.

In the reporting period partial early payment of deposits of second-tier banks of RK in the amount of KZT 9.93 bln took place.

The weighted average yield to maturity of deposits of second-tier banks of RK as of the reporting date is 9.8% per annum.

Deposits in foreign banks

The current value of deposits in foreign banks with a weighted average maturity period of 0.83 month for the reporting month decreased by KZT 105.13 bln and amounted to KZT 337.54 bln. Their share in the portfolio is 3.79%.

There were deposits allocated in foreign banks in amount of KZT 73.51 bln with a weighted average yield of 2.44% per annum. In the reporting period there were deposits redeemed in amount of KZT 178.20 bln.

The weighted average yield to maturity of deposits in the foreign banks in PA portfolio is 2.4% per annum.

Deposits in the National Bank of the Republic of Kazakhstan

The current value of deposits in the National Bank amounted to KZT 190.08 bln. Their share is 2.14%.

In the reporting month within current liquidity management in order to maintain return on pension assets KZT 3,356.5 bln were invested in overnight deposits of the National Bank of RK with average YTM 8% per annum. In the reporting period deposits were redeemed in amount of KZT 3,286.50 bln.

The weighted average yield to maturity of deposits in the National Bank of the Republic of Kazakhstan is 8.0% per annum.

Corporate bonds of issuers of the Republic of Kazakhstan

The current value of the corporate bonds of RK issuers increased by KZT 0.40 bln and amounted to KZT 52.27 bln. Their share in the portfolio amounted to 0.59%.

Within reporting month repayment of principal of AMF Group JSC bonds took place in amount of KZT 0.73 bln (current value decreased in August).

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

The weighted average yield to maturity of corporate bonds of RK issuers in UAPF PA portfolio is 9.8%.

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 3.36 bln and amounted to KZT 710.82 bln. Their share in the portfolio amounted to 7.99%.

No acquisitions, redemptions or sales of bonds of RK quasi-public organizations in the period under review took place.

As of the reporting date, the weighted average yield to maturity of RK quasi-public organizations bonds nominated in KZT is 10.7% 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 33.68 bln and amounted to KZT 1,226.36 bln. Their share in the portfolio is 13.79%.

In the report period within the STB RK addressed bonds program worth of KZT 200 bln there were STB RK bonds acquired in amount of KZT 29.37 bln in total with the average YTM of 12.00% per annum.

There were no sales or redemptions of the bonds of the second-tier banks of RK.

The weighted average yield to maturity of bonds of the second-tier banks of RK nominated in KZT amounted to 9.9%, while of those nominated in USD – 6.6% per annum

Corporate bonds of foreign issuers

The current value of the corporate bonds of foreign issuers in the report period amount decreased by KZT 0.91 bln and amounted to KZT 8.56 bln. Their share in the portfolio amounted to 0.10%.

Within the reporting period Eurobonds of AKBANK TAS were sold in amount of KZT 1.00 bln.

There were no redemptions, purchases of the corporate bonds of foreign issuers in the reporting period.

The weighted average yield to maturity of the corporate bonds of foreign issuers in UAPF PA portfolio as of the reporting date is 7.7% per annum.

Bonds of foreign quasi-public organizations

The current value of the bonds of foreign quasi-public organizations in the reporting month increased by KZT 8.73 bln and amounted to KZT 178.98 bln. Their share in the portfolio is 2.01%.

Within new strategic distribution of FX pension assets portfolio provided in the UAPF Investment Declaration bonds of Chinese quasi-public organizations denominated in USD were acquired in total amount of KZT 8.71 bln by their nominal value with weighted average yield of 4.21% per annum.

In the reporting month no bonds of foreign quasi-public organizations were redeemed. No sales of the instruments took place.

The weighted average yield to maturity of the bonds of foreign quasi-public organizations in UAPF PA portfolio is 4.7%

PPN (structured notes) of the foreign issuers

The current value of PPN (structured notes) in the reporting month increased by KZT 0.22 bln and amounted to KZT 30.24 bln. Their share in portfolio is 0.34%.

In the reporting period PPN (structured notes) were redeemed in amount of KZT 6.37 bln.

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

Shares and depository receipts of issuers of the Republic of Kazakhstan

The current value of shares and depository receipts of RK issuers in the report period decreased by KZT 5.15 bln and amounted to KZT 150.53 bln. Their share in the portfolio came to 1.69%.

In the reporting period no RK issuers' shares and depository receipts were acquired and sold in UAPF PA portfolio.

Shares and depository receipts of foreign issuers

The current value of shares and depository receipts of foreign issuers in the reporting month increased by KZT 1.81bln and amounted to KZT 21.09 bln. Their share in portfolio amounted to 0.24%.

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

FX structure

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

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

Currency	<i>KZT bln</i>				
	Current value 01.01.2018	Share 01.01.2018.	Current value 01.10.2018.	Share 01.10.2018.	Growth/loss from the beginning of the year. %
National Currency	5 619.71	72.28%	6 143.14	69.06%	9.31%
US Dollars	2 110.34	27.14%	2 714.62	30.52%	28.63%
Russian Rubles	36.90	0.47%	30.18	0.34%	-18.22%
Other currencies	7.88	0.10%	7.19	0.08%	-8.74%
Total:	7 774.82	100.00%	8 895.12	100.00%	14.41%

Investment results

The investment return from the beginning of the year amounted to KZT 663.09 bln in result of pension assets investment activity as well as due to FX volatility and change of the market value of financial instruments. Return of UAPF pension assets distributed on members' accounts from the beginning of 2018 is amounted to 7.75%.

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

KZT bln

Description	Investment Income in 2018
Income as remuneration on securities including deposits and Reverse REPO	408.06
Income (loss) of market revaluation	3.02
Income (loss) of FX revaluation	242.89
Income (loss) of external management	8.90
Other income (loss)	0.22
Total:	663.09

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 01.10.2018 is presented in Table 4.

Table 4. UAPF PA Investment limits

No.	Financial instruments	Actual value (in percent of pension assets)	Performance (yes/no)
1	Foreign issuers:	22.16%	yes
1.1	Government, Agents and IFO securities:	15.64%	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	11.54%	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.	4.11%	yes
1.2	Corporate debt securities:	2.15%	yes
1)	with securities and/or issuer'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.	1.76%	yes
2)	with securities and/or issuer'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.	0.39%	yes
1.3	MBS and ABS with securities and/or issuer'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	0.24%	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	3.79%	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 Financial instruments :	0.00%	yes
1)	with securities and/or issuer'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 issuer'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
2	Kazakhstani issuers:	75.68%	yes
2.1	GS RK issued by Ministry of Finance of RK, National Bank of RK	46.83%	yes
2.1-1	GS RK issued by local executive bodies of RK	0.00%	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

2.1-2	Deposits of the National Bank of RK	2.14%	yes
2.2	Securities of the quasi-public sector	8.43%	yes
2.3	Financial instruments of Kazakhstani second tier banks	17.92%	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 issuer'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	0.10%	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 Financial instruments included into official list of KASE	0.00%	yes

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

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

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

Date of transaction	Date of redemption	Instrument	Issuer	ISIN	Nominal value in KZT
03.09.2018	10.09.2018	GS RK	The National Bank of RK	KZW1KD073727	200 000 000 000
03.09.2018	23.04.2033	GS RK	The Government of RK	KZKDKY150149	6 000 000 000
04.09.2018	11.09.2018	GS RK	The National Bank of RK	KZW1KD073735	150 000 000 000
05.09.2018	12.09.2018	GS RK	The National Bank of RK	KZW1KD073743	39 912 427 200
05.09.2018	03.10.2018	GS RK	The National Bank of RK	KZW1KD283755	150 000 000 000
06.09.2018	26.12.2022	Bonds	Tsessnabank JSC	KZP02Y08E766	15 000 000 000
06.09.2018	26.12.2021	Bonds	Tsessnabank JSC	KZP01Y07E760	5 000 000 000
07.09.2018	07.02.2019	US GS	The Government of USA	US912796QW24	41 318 200 000
10.09.2018	04.02.2030	GS RK	The Government of RK	KZKDKY150123	18 000 000 000
11.09.2018	15.08.2031	GS of Mexico	The Government of Mexico	US91086QAG38	3 809 300 000
12.09.2018	15.08.2031	GS of Mexico	The Government of Mexico	US91086QAG38	2 644 180 000
13.09.2018	18.01.2019	GS RK	The National Bank of RK	KZW1KY011682	2 500 000 000
13.09.2018	04.04.2033	GS RK	The Government of RK	KZKDKY150131	500 000 000
13.09.2018	12.05.2034	GS RK	The Government of RK	KZKDKY200027	1 500 000 000
14.09.2018	18.01.2019	GS RK	The National Bank of RK	KZW1KY011682	5 000 000 000
14.09.2018	21.02.2019	US GS	The Government of USA	US912796QY89	37 365 000 000
17.09.2018	28.04.2025	EuroBonds	Sinopec GRP Overseas DEV	USG8201JAC56	1 487 440 000
18.09.2018	04.05.2027	EuroBonds	State Grid Overseas Inv	USG8450LAI38	1 846 800 000
18.09.2018	15.01.2047	FGS	The Government of Mexico	US91087BAB62	701 784 000
18.09.2018	16.03.2022	Bonds	Bank CenterCredit JSC	KZP06Y07D217	9 365 300 000
20.09.2018	27.09.2018	GS RK	The National Bank of RK	KZW1KD073909	90 051 547 600
20.09.2018	02.05.2028	EuroBonds	State Grid Overseas Inv	USG8450LAP97	3 590 000 000
21.09.2018	28.09.2018	GS RK	The National Bank of RK	KZW1KD073917	93 847 285 000
24.09.2018	01.10.2018	GS RK	The National Bank of RK	KZW1KD073925	100 000 000 000
25.09.2018	02.05.2028	EuroBonds	State Grid Overseas Inv	USG8450LAP97	1 782 700 000
25.09.2018	02.10.2018	GS RK	The National Bank of RK	KZW1KD073933	100 000 000 000
26.09.2018	03.10.2018	GS RK	The National Bank of RK	KZW1KD073941	87 912 860 600
27.09.2018	04.10.2018	GS RK	The National Bank of RK	KZW1KD073966	100 000 000 000
28.09.2018	05.10.2018	GS RK	The National Bank of RK	KZW1KD073974	86 300 458 900

Total:					1 355 435 283 300
---------------	--	--	--	--	--------------------------

Table 7. Information on financial instruments sale in reporting period

Transaction date	Maturity date	Instrument	Issuer	ISIN	KZT amount of transaction
14.09.2018	24.10.2022	EuroBonds	AKBANK TAS	USM0375YAK49	1 003 250 250
28.09.2018	25.10.2018	US GS	The Government of USA	US912796QE26	24 288 198 030
Total:					25 291 448 280

Table 8. Information on banks deposits allocation in reporting period

Transaction Date	Maturity Date	Bank	KZT amount of transaction
03.09.2018	04.09.2018	The National Bank of RK	20 000 000 000
03.09.2018	04.09.2018	The National Bank of RK	21 000 000 000
04.09.2018	05.09.2018	The National Bank of RK	53 500 000 000
11.09.2018	12.09.2018	The National Bank of RK	96 000 000 000
11.09.2018	11.12.2018	ING Bank N.V.	38 093 000 000
12.09.2018	13.09.2018	The National Bank of RK	230 000 000 000
13.09.2018	14.09.2018	The National Bank of RK	296 000 000 000
14.09.2018	17.09.2018	The National Bank of RK	340 000 000 000
17.09.2018	18.09.2018	The National Bank of RK	330 000 000 000
18.09.2018	19.09.2018	The National Bank of RK	325 000 000 000
19.09.2018	20.09.2018	The National Bank of RK	350 000 000 000
20.09.2018	21.09.2018	The National Bank of RK	300 000 000 000
21.09.2018	24.09.2018	The National Bank of RK	295 000 000 000
24.09.2018	25.09.2018	The National Bank of RK	220 000 000 000
24.09.2018	22.01.2019	Credit Agricole	35 412 000 000
25.09.2018	26.09.2018	The National Bank of RK	100 000 000 000
26.09.2018	27.09.2018	The National Bank of RK	110 000 000 000
27.09.2018	28.09.2018	The National Bank of RK	80 000 000 000
28.09.2018	01.10.2018	The National Bank of RK	190 000 000 000
Total			3 430 005 000 000

Table 9. Information on principal redemptions in reporting period

ISIN	Instrument	Issuer	Date of actual redemption	KZT maturity amount
KZW1KD113648	GS RK	The National Bank of RK	03.09.2018	130 000 000 000
KZW1KD073685	GS RK	The National Bank of RK	03.09.2018	80 000 000 000
KZP01Y07D994	Bonds	AMF GROUP	04.09.2018	730 000 000
KZW1KD113655	GS RK	The National Bank of RK	04.09.2018	85 370 328 300
KZW1KD073693	GS RK	The National Bank of RK	04.09.2018	55 000 000 000
KZW1KD283508	GS RK	The National Bank of RK	05.09.2018	90 000 000 000
US912796PY98	US GS	The Government of USA	07.09.2018	33 805 800 000
KZW1KD073727	GS RK	The National Bank of RK	10.09.2018	200 000 000 000
KZW1KD073735	GS RK	The National Bank of RK	11.09.2018	150 000 000 000
KZW1KD283573	GS RK	The National Bank of RK	12.09.2018	100 000 000 000
KZW1KD073743	GS RK	The National Bank of RK	12.09.2018	39 912 427 200
KZW1KD283631	GS RK	The National Bank of RK	19.09.2018	122 093 695 400
US912796PZ63	US GS	The Government of USA	21.09.2018	35 254 000 000
KZW1KD073909	GS RK	The National Bank of RK	27.09.2018	90 051 547 600
KZW1KD073917	GS RK	The National Bank of RK	28.09.2018	93 847 285 000
Total				1 306 065 083 500

Table 10. Information on deposit principal redemption in reporting period

Date of transaction	Date of redemption	Bank	KZT amount of transaction
03.09.2018	03.09.2018	The National Bank of RK	120 000 000 000
04.09.2018	04.09.2018	The National Bank of RK	21 000 000 000
04.09.2018	04.09.2018	The National Bank of RK	20 000 000 000
05.09.2018	05.09.2018	The National Bank of RK	53 500 000 000
05.09.2018	05.09.2018	DBS Bank LTD	55 483 500 000
11.09.2018	21.10.2019	Astana Bank JSC	2 991 304 997
12.09.2018	12.09.2018	The National Bank of RK	96 000 000 000
13.09.2018	13.09.2018	The National Bank of RK	230 000 000 000

13.09.2018	10.12.2019	Bank CenterCredit JSC	1 000 000 000
14.09.2018	20.10.2019	AsiaCredit Bank JSC	592 000 000
14.09.2018	15.12.2019	AsiaCredit Bank JSC	543 000 000
14.09.2018	29.12.2019	ALFA BANK SB JSC	171 942 378
14.09.2018	14.09.2018	The National Bank of RK	296 000 000 000
14.09.2018	14.09.2018	Rabobank Nederland	56 047 500 000
17.09.2018	17.09.2018	The National Bank of RK	340 000 000 000
18.09.2018	18.09.2018	The National Bank of RK	330 000 000 000
19.09.2018	19.09.2018	The National Bank of RK	325 000 000 000
20.09.2018	20.09.2018	The National Bank of RK	350 000 000 000
21.09.2018	21.09.2018	The National Bank of RK	300 000 000 000
24.09.2018	24.09.2018	The National Bank of RK	295 000 000 000
25.09.2018	25.09.2018	The National Bank of RK	220 000 000 000
25.09.2018	28.10.2019	Bank VTB SO JSC (Kazakhstan)	72 200 000
25.09.2018	25.09.2018	Natixis	66 672 980 000
26.09.2018	29.12.2019	ALFA BANK SB JSC	89 000 000
26.09.2018	26.09.2018	The National Bank of RK	100 000 000 000
27.09.2018	27.09.2018	The National Bank of RK	110 000 000 000
28.09.2018	28.09.2018	The National Bank of RK	80 000 000 000
28.09.2018	20.10.2019	Nurbank JSC	1 400 000 000
28.09.2018	08.12.2019	Nurbank JSC	400 000 000
28.09.2018	08.12.2019	Tengri Bank JSC	2 670 000 000
Total:			3 474 633 427 375