

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

As of September 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 10,302.86 bln<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 instruments**

*KZT bln*

Name	Current Value as of 01/01/2019	Share as of 01/01/2019	Current Value as of 01/09/2019	Share as of 01/09/2019	Increase/Decrease from the Beginning of the Year
Government securities of RK	4,057.98	43.27%	4,052.31	39.33%	-0.14%
Foreign government securities	1,191.92	12.71%	1,646.26	15.98%	38.12%
IFO	170.96	1.82%	324.68	3.15%	89.92%
Corporate bonds of RK issuers	42.06	0.45%	29.40	0.29%	-30.09%
Bonds of quasi-public organizations of RK	1,299.90	13.86%	1,440.76	13.98%	10.84%
Bonds of second tier banks of RK	1,264.78	13.49%	1,239.63	12.03%	-1.99%
Corporate bonds of foreign issuers	8.85	0.09%	9.19	0.09%	3.90%
Bonds of foreign quasi-public organizations	232.92	2.48%	235.10	2.28%	0.93%
PPN	33.95	0.36%	31.40	0.30%	-7.49%
Shares and depository receipts of RK issuers	224.40	2.39%	241.54	2.34%	7.63%
Shares and depository receipts of foreign issuers	20.42	0.22%	24.17	0.23%	18.35%
Deposits	277.65	2.96%	262.00	2.54%	-5.64%
Deposits in NBRK	154.07	1.64%	162.07	1.57%	5.19%
Deposits in foreign banks	343.16	3.66%	403.77	3.92%	17.66%
Swap	-	-	- 1,57	-0.02%	-
Cash on investment accounts	126.69	1.35%	97.83	0.95%	-
Other assets (accounts receivable <sup>2</sup> , past-due accounts, provisions)	15.23	0.16%	9.36	0.09%	-
Assets under external management by Aviva Investors Global Services Limited*	82.80	0.88%	94.95	0.92%	14.68%
<b>Total PA under fiduciary management of NBRK**</b>	<b>9,378.03**</b>	<b>100.00%</b>	<b>10,302.86</b>	<b>100.00%</b>	<b>9.86%</b>
Cash on investment accounts for settlement of transactions	169.71				
Cash on contribution and benefit payment accounts	7.12		2.37		
<b>Total PA</b>	<b>9,554.86</b>		<b>10,305.23</b>		<b>7.85%</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 of debt financial instruments in the Fund's PA investment portfolio as of September 01, 2019 is 6.9% including those nominated in KZT – 8.5% and nominated in foreign currency – 3.5% 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 4,052.31 increasing by KZT 55.30 bln. Their share in the portfolio amounted to 39.33%.

<sup>1</sup> less cash on contribution and benefit 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.

In the reporting period the following instruments were acquired:

- Short-term discount notes of NB RK in amount of KZT 192.96 bln with yield to maturity 9.11% per annum;
- Government Securities of the Ministry of Finances of RK nominated in KZT in amount of KZT 10.50 bln with yield to maturity 8.92% per annum.

During the reporting period the discount notes of NBRK were sold in amount of KZT 157.11 bln.

No redemptions of the Government Securities of the Republic of Kazakhstan took place in the period.

As of the reporting date, the average yield to maturity of KZT nominated government securities of RK in UAPF PA portfolio is 7.6% per annum, while those nominated in USD – 4.4% per annum.

### **Foreign Government Securities**

The current value of bonds of Foreign Government Securities for the reporting month increased by KZT 491.18 bln and amounted to KZT 1,646.26 bln. Their share in the portfolio is 15.98%.

There were acquired short-term US Government Securities in amount of KZT 632.99 bln by their nominal value with average yield to maturity 2.03% per annum.

Within the reporting period short-term US Government Securities were redeemed in amount of KZT 154.84 bln.

The average weighted yield to maturity of the bonds of the International Financial Organizations in UAPF's PA portfolio came to 2.9%.

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

The current value of bonds of International Financial Organizations for the reporting month decreased by KZT 24.96 bln and amounted to KZT 324.68 bln. Their share in the portfolio is 3.15%.

In the reporting period bonds of the International Finance Corporation were sold in amount of KZT 5.00 bln. There were bonds of Eurasian Development Bank redeemed in amount of KZT 19.97 bln. No acquisitions of the securities of International Financial Organizations took place in the reporting period.

The average weighted yield to maturity of the bonds of the International Financial Organizations nominated in KZT is 6.8% 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 4.86 years in the reporting month decreased by KZT 3.64 bln and amounted to KZT 262.00 bln. Their share in the portfolio is 2.54%.

In the reporting period partial early payment of deposits of second-tier banks of RK in amount of KZT 2.94bln took place. There were no allocations into deposits of STB RK.

The weighted average yield to maturity of deposits of second-tier banks of RK as of the reporting date is 9.3% per annum.

### **Deposits in foreign banks**

The current value of deposits in foreign banks with a weighted average maturity period of 0.22 month for the reporting month decreased by KZT 70.91 bln and amounted to KZT 403.77 bln. Their share in the portfolio is 3.92%.

There were deposits nominated in US dollars allocated the foreign banks in amount of KZT 708.58 bln with a weighted average yield of 2.18% per annum.

In the reporting period there were deposits redeemed in amount of KZT 781.28 bln.

The weighted average yield to maturity of deposits in the foreign banks in PA portfolio is 2.3% per annum.

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

The current value of deposits in the National Bank amounted to KZT 162.07 bln. Their share in the portfolio is 1.57%.

In the reporting month within the current liquidity management in order to maintain return on PA KZT 2,366.00 bln were invested in overnight deposits of the National Bank of RK with average yield to maturity 8.00% per annum. In the reporting period deposits were redeemed in amount of KZT 2,247.00 bln.

The weighted average yield to maturity of deposits in the National Bank of the Republic of Kazakhstan 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 0.89 bln and amounted to KZT 29.40 bln. Their share in the portfolio amounted to 0.29%.

There were no transactions with RK corporate bonds in the reporting period.

#### **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 19.86 bln and amounted to KZT 1,440.76 bln. Their share in the portfolio amounted to 13.98%.

There were bonds of Baiterek NMH JSC acquired in amount of KZT 12.50 bln with average YTM of 9.75% per annum

No other transactions with the bonds of the quasi-public organizations of the RK issuers took place in the reporting period.

As of the reporting date, the weighted average yield to maturity 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 decreased by KZT 11.10 bln and amounted to KZT 1,239.63 bln. Their share in the portfolio is 12.03%.

In the reporting period under the mechanism of priority projects credit through STB RK in total amount of KZT 600.00 bln there were bonds of Eurasian Bank JSC acquired in amount of KZT 1.00 bln with yield to maturity 10.95% per annum.

Within the reporting period there were bonds of STB RK redeemed in amount of KZT 11.32 bln. No bonds of the second-tier banks were sold.

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 – 6.5% 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 0.31 bln and amounted to KZT 9.19 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 yield to maturity of the corporate bonds of foreign issuers in UAPF PA portfolio as of the reporting date is 7.8% 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 increased by KZT 1.35bln and amounted to KZT 235.10 bln. Their share in the portfolio is 2.28%.

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

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

### PPN (structured notes) of foreign issuers

The current value of PPN of foreign issuers in the reporting period came to KZT 31.40 bln. Their share in the portfolio amounted to 0.30%.

In the reporting period 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 3.09 bln and amounted to KZT 241.54 bln. Their share in the portfolio came to 2.34%.

No transactions with shares and depository receipts of RK issuers took place in the reporting period.

### Shares and depository receipts of foreign issuers

The current value of shares and depository receipts of foreign issuers in the reporting month decreased by KZT 2.66 bln and amounted to KZT 24.17 bln. Their share in portfolio amounted to 0.23%.

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

### FX 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**

*KZT bln*

Currency	Current Value as of 01/01/2019	Share as of 01/01/2019	Current Value as of 01/09/2019	Share as of 01/09/2019	Increase/Decrease from the Beginning of the Year
National Currency	6,304.73	67.23%	6,741.13	65.43%	6.92%
US dollar	3,035.86	32.37%	3,523.00	34.19%	16.05%
Russian ruble	30.28	0.32%	32.08	0.31%	5.93%
Other currencies	7.16	0.08%	6.65	0.06%	-7.10%
<b>Total:</b>	<b>9,378.03</b>	<b>100.00%</b>	<b>10,302.86</b>	<b>100.00%</b>	<b>9.86%</b>

### Investment results

The investment return from the beginning of the year amounted to KZT 465.12 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 members' accounts from the beginning of 2019 is 4.44%.

As of September 01, 2019 the return of the UAPF PA distributed to the accounts of the contributors (beneficiaries) in the last 12 months (September 2018 – August 2019) amounted to 8.32% at the inflation rate of 5.50%. So the actual return of UAPF PA was 2.82%.

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 Return in 2019
Income as remuneration on securities including deposits and Reverse REPO	439.21
Income (loss) of market revaluation	- 21.58
Income (loss) of FX revaluation	29.80
Income (loss) of external management	12.15
Other income (loss)	5.54
<b>Total:</b>	<b>465.12</b>

### **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 levels and do not violate requirements of the UAPF Investment Declaration. Information on compliance with UAPF PA investment limits as of 01/09/2019 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)
<b>1</b>	<b>Foreign issuers:</b>	<b>26.85%</b>	<b>Yes</b>
1.1	Government, Agents and IFO securities:	19.99%	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	19.51%	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:	2.40%	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.	2.36%	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.	0.03%	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	0.23%	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	3.92%	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	0.30%	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
<b>2</b>	<b>Kazakhstani issuers:</b>	<b>71.87%</b>	<b>Yes</b>
2.1	GS RK issued by Ministry of Finance of RK, National Bank of RK	39.33%	Yes
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	1.57%	Yes
2.2	Securities of the quasi-public sector	15.02%	Yes
2.3	Financial instruments of Kazakhstani second tier banks	15.61%	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	0.08%	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	0.25%	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 Type	Actual Value (% of PA)	Performance (Yes / No)
1	Standard Derivatives	3.42%	Yes
1)	In case if the Derivatives are used for financial risk hedging	0.00%	Yes
2	Gold in bars and AU metallic accounts	0.00%	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

**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**

Instrument	Issuer	Nominal Value in KZT
US GS	US Government	632,993,990,000.00
GS RK	The National Bank of RK	192,964,787,300.00
Bonds	Baiterek NMH JSC	12,500,000,000.00
GS RK	RK Government	10,500,000,000.00
Bonds	Eurasian Bank JSC	1,000,000,000.00
<b>Total</b>		<b>849,958,777,300.00</b>

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

Instrument Type	Issuer	Transaction Amount in KZT
GS RK	RK Government	157,107,226,995.00
Bonds	International Finance Corporation	4,999,974,485.00
<b>Total</b>		<b>162,107,201,480.00</b>

**Table 8. Information on deposits allocated in the reporting period**

Type	Currency	Bank	Transaction Amount in KZT
Deposit	KZT	The National Bank of RK	2,366,000,000,000.00
Deposit	USD	Credit Agricole	155,084,003,040.00
Deposit	USD	Societe Generale	87,671,458,610.00
Deposit	USD	DBS Bank	77,744,900,000.00
Deposit	USD	Mizuho Corporate Bank	77,682,814,440.00
Deposit	USD	Bank of Tokyo-Mitsubishi	77,666,542,380.00
Deposit	USD	Natixis	77,659,703,100.00
Deposit	USD	Bank of Montreal	77,611,653,050.00
Deposit	USD	ING Bank	77,457,476,810.00
<b>Total</b>			<b>3,074,578,551,430.00</b>

**Table 9. Information on the repayment of the principal debt for securities in the reporting period**

Type of instrument	Issuer	Amount Repayable in KZT
US GS	US Government	154,841,000,000.00
Bonds	Eurasian Development Bank	19,970,000,000.00
Bonds	First Heartland Jysan Bank JSC	9,617,890,000.00
Bonds	Sberbank JSC SB	1,700,000,000.00
<b>Total</b>		<b>186,128,890,000.00</b>

**Table 10. Information on the repayment of the principal debt for deposits in the reporting period**

Type	Currency	Bank	Amount Repayable in KZT
Deposit	KZT	The National Bank of RK	2,247,000,000,000.00
Deposit	USD	Bank of Tokyo-Mitsubishi	215,110,740,060.00
Deposit	USD	Credit Agricole	116,359,395,680.00
Deposit	USD	Societe Generale	82,447,391,340.00
Deposit	USD	ING Bank	77,649,882,890.00
Deposit	USD	Bank of Montreal	77,494,000,000.00
Deposit	USD	Natixis	77,401,138,080.00
Deposit	USD	DBS Bank	77,294,000,000.00
Deposit	USD	Mizuho Corporate Bank	43,813,490,000.00
Deposit	RUB	Societe Generale	13,712,320,000.00
Deposit	KZT	Nurbank JSC	1,350,000,000.00
Deposit	KZT	Halyk Bank of Kazakhstan JSC	1,230,000,000.00
Deposit	KZT	VTB Bank (Kazakhstan) SB JSC	342,872,000.00
Deposit	KZT	Kassa Nova Bank JSC	22,000,000.00
<b>Total</b>			<b>3,031,227,230,050.00</b>