

INFO ON UAPF JSC

PENSION ASSETS INVESTMENT MANAGEMENT

As of January 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 7 774.82 bln¹ increasing from the beginning of the year by KZT 1 094.68 bln

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 01.01.2018.	Share 01.01.2018.	Growth/loss from the beginning of the year. %
Government securities of RK	2 910.82	43.57%	3 587.63	46.14%	23.25%
Foreign government securities	365.01	5.46%	948.84	12.20%	159.95%
IFO	86.63	1.30%	172.55	2.22%	99.18%
Corporate bonds of RK emitters	84.03	1.26%	58.30	0.75%	-30.62%
Bonds of quasi public organizations of RK	900.17	13.48%	791.68	10.18%	-12.05%
Bonds of STB RK	1 450.20	21.71%	1 246.49	16.03%	-14.05%
Corporate bonds of foreign emitters	137.92	2.07%	62.74	0.81%	-54.51%
PPN	31.64	0.47%	35.00	0.45%	10.62%
Shares and depository receipts of RK emitters	127.46	1.91%	184.14	2.37%	44.48%
Shares and depository receipts of foreign emitters	18.33	0.27%	23.68	0.30%	29.24%
Deposits	399.91	5.99%	325.82	4.19%	-18.53%
Deposits in foreign banks	-	-	277.41	3.57%	
REPO	-	-	11.02	0.14%	
Cash on investment accounts	151.84	2.27%	20.88	0.27%	-86.25%
Other assets (accounts receivable ² , past-due debt, provisions)	16.18	0.24%	28.62	0.37%	76.86%
Total PA under fiduciary management of NBRK	6 680.14	100.00%	7 774.82	100.00%	16.39%
Cash on contribution and benefit payment accounts	9.52		9.51		
PA Total	6 689.66		7 784.33		16.36%

Average YTM of debt instruments in the Fund's PA investment portfolio as of January 01, 2018 was 7.5% including those KZT nominated – 9.0% and nominated in foreign currency – 3.5% per annum.

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 167.14 bln and came to KZT 3 587.63 bln. They took 46.14% of the portfolio.

Within the report month there was purchase of following instruments on their nominal value:

- the short-term discount notes of NBRK in amount of KZT 1 178.44 bln with average YTM 9.32% per annum;
- GS of Ministry of Finance nominated in KZT in amount of KZT 29.86 bln with average YTM 8.87% per annum;

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.

- GS of Ministry of Finance nominated in USD in amount of KZT 53.26 bln with average YTM 3.16% per annum.

There was repayment of discount notes of NBRK in amount of KZT 1 098.59 bln.

Average yield to maturity of KZT nominated Government securities of RK in UAPF PA portfolio came to 8.0% per annum, while those nominated in USD – 4.2% per annum.

Foreign government securities

Current value of FGS within the month increased by KZT 47.92 bln upto KZT 948.84 bln. Their share came to 12.20%.

Within the reporting period short-term US Government securities in amount of KZT 102.90 bln on their nominal value with average YTM 1.4% per annum were purchased on their nominal value.

Within new strategic distribution of the FX share of PA portfolio as provided in UAPF Investment Declaration there was investment into GS of BB rating developing countries. In particular FGS of the Republic of Brazil nominated in USD on their nominal value in amount of KZT 5.36 bln with average YTM 5.4% per annum were purchased.

Short-term US Treasury bonds were sold in amount of KZT 16.61 bln in the reporting period.

There were foreign government securities nominated in USD redeemed in amount of KZT 48.29 bln.

Within the report period average yield to maturity of foreign government securities in the PA portfolio came to 2.8% per annum.

IFO bonds

Current value of IFO bonds increased by KZT 15.96 bln upto KZT 172.55 bln. The share of IFO bonds came to 2.22%.

Within the reporting period according to the decision of the National Fund Management Board dated 14.03.2017 there were AAA rating IFO bonds purchased in amount of KZT 25.00 bln on their nominal value with YTM at the inflation and premium level of 0.1% per annum.

There was redemption of IFO bonds in amount of KZT 9.5 bln (repayment is expected within 28.12.2017 - 12.01.2018).

No IFO securities were sold within reporting period.

Average yield to maturity of the IFO bonds in UAPF PA portfolio came to 7.3% per annum.

Deposits in second tier banks (STB) of RK

Current value of STB deposits with average maturity period of 5,6 years in the report period decreased by KZT 2.67 bln and came to KZT 325.82bln. Share of deposits came to 4.19%.

Early redemption of deposits in RK STB in amount of KZT 2.84 bln took place within the reporting period.

There were no allocations of UAPF PA in STB deposits.

Average yield to maturity of STB deposits in PA portfolio was 10.6% per annum.

Deposits in foreign banks

As of January 01, 2018 current value of deposits in foreign banks with average maturity period of 1.03 month came to KZT 277.41 bln decreasing by KZT 117.63 bln. Their share was 3.57%.

Average yield to maturity of STB deposits in PA portfolio was 1.5% per annum.

RK corporate bonds

Current value of RK corporate bonds amounted to KZT 58.30 bln decreasing by KZT 1.34 bln. Their share came to 0.75%.

No transactions with RK emitters bonds took place in the period.

Average yield to maturity of corporate bonds of RK emitters came to 14.5%.

Bonds of quasi-public organizations of RK

Within the reporting period current value of the bonds of RK quasi-public organizations decreased by KZT 6.13 bln and amounted to KZT 791.68 bln. Their share came to 10.18% of the portfolio.

There was principal redemption of quazi public organizations bonds in amount of KZT 1.67 bln.

There were no other transactions with these instruments in the period.

Average yield to maturity of RK quasi-public organizations bonds nominated in KZT came to 11.7% while the instruments nominated in USD – 5.3% per annum.

Bonds of STB RK

Within the report month current value of STB bonds decreased by KZT 12.63 bln and came to KZT 1 246.49 bln. Their share took 16.03%.

In December 2017 there was principal redemption of STB bonds in amount of KZT 10.10 bln as well as partial redemption of the nominal value of bonds nominated in USD in amount of KZT 0.05 bln.

No other transactions with these instruments took place within the period.

Average YTM of STB bonds nominated in KZT came to 10.0% while the instruments nominated in USD – 7.0% per annum.

Foreign corporate bonds

In the report period amount of foreign corporate bonds increased by KZT 0.49 bln and came to KZT 62.74 bln. The share came to 0.81%.

There were no 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 35.00 bln increasing by KZT 0.34 bln with share in portfolio of 0.45%.

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 increased by KZT 4.97 bln and amounted to KZT 184.14 bln. The share came to 2.37% 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 0.04 bln and came to KZT 23.68 bln. Their share in portfolio came to 0.30%.

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	<i>KZT bln</i>				
	Current value as of 01.01.2017.	Share as of 01.01.2017.	Current value as of 01.01.2018.	Share as of 01.01.2018.	Growth/ loss from the beginning of the year
National Currency	5 142.38	76.98%	5 619.71	72.28%	9.28%
US dollars	1 492.44	22.34%	2 110.34	27.14%	41.40%
Russian Rubles	35.12	0.53%	36.90	0.47%	5.08%
Other currencies	10.20	0.15%	7.88	0.10%	-22.80%
Total:	6 680.14	100.00%	7 774.82	100.00%	16.39%

Investment results

Investment return of 2017 amounted to KZT 597.33 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 in 2017 was 7.92% with inflation level of 7.1% per annum.

Structure of investment income is in Table 3.

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

<i>KZT bln</i>	
Description	Investment return from the beginning of 2017
Income as remuneration on securities including deposits and Reverse REPO	518.82
Income (loss) of market revaluation	49.12
Income (loss) of FX revaluation	24.75
Other income (loss)	4.64
Total:	597.33

Compliance with investment declaration parameters

Structure distribution of UAPF PA under fiduciary management complies with requirements of the UAPF Investment Declaration³. 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 01.01.2018.

Table 4. UAPF PA Investment limits

#	Financial instrument	Actual value (in percent of pension assets)	Performance (yes / no)
1	Foreign emitters:	19.55%	yes
1.1	Government, Agents and IFO securities:	14.42%	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	10.29%	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.	4.13%	yes
1.2	Corporate debt securities:	0.81%	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.	0.08%	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.	0.72%	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	0.30%	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	3.57%	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	0.45%	yes
1.7	Islamic Financing Instruments:	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

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 emitters:	78.96%	yes
2.1	GS RK issued by Ministry of Finance of RK, National Bank of RK	46.14%	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	0.00%	yes
2.2	Securities of the quasi-public sector	11.29%	yes
2.3	Financial instruments of Kazakhstani second tier banks	21.21%	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	0.24%	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 value in KZT
04.12.2017	11.12.2017	GS RK	National Bank of RK	KZW1KD071259	95 139 377 600
04.12.2017	21.06.2018	GS USA	US Government	US912796MF37	39 264 500 000
05.12.2017	12.12.2017	GS RK	National Bank of RK	KZW1KD071267	87 089 522 600
06.12.2017	03.01.2018	GS RK	National Bank of RK	KZW1KD281288	83 257 887 800
06.12.2017	15.12.2018	Bonds	EBRD	XS1535796368	25 000 000 000
07.12.2017	14.12.2017	GS RK	National Bank of RK	KZW1KD071291	37 200 000 000
07.12.2017	21.07.2025	GS RK	RK Government	XS1263054519	7 199 275 000
07.12.2017	27.01.2045	GS Brazil	Brazil Government	US105756BW95	3 348 500 000
07.12.2017	21.02.2047	GS Brazil	Brazil Government	US105756BY51	2 009 100 000
08.12.2017	15.12.2017	GS RK	National Bank of RK	KZW1KD071309	12 507 886 700
11.12.2017	20.12.2017	GS RK	National Bank of RK	KZW1KD091323	94 195 976 600
11.12.2017	21.07.2025	GS RK	RK Government	XS1263054519	15 077 250 000
11.12.2017	14.10.2024	GS RK	RK Government	XS1120709669	1 842 775 000
12.12.2017	20.12.2017	GS RK	National Bank of RK	KZW1KD081332	98 927 318 800
12.12.2017	21.07.2025	GS RK	RK Government	XS1263054519	15 570 525 000
12.12.2017	14.10.2024	GS RK	RK Government	XS1120709669	4 353 050 000
13.12.2017	10.01.2018	GS RK	National Bank of RK	KZW1KD281353	116 681 787 500
13.12.2017	21.07.2025	GS RK	RK Government	XS1263054519	2 347 660 000
13.12.2017	14.10.2024	GS RK	RK Government	XS1120709669	2 850 730 000
14.12.2017	21.12.2017	GS RK	National Bank of RK	KZW1KD071366	30 000 000 000

14.12.2017	21.07.2025	GS RK	RK Government	XS1263054519	4 019 040 000
14.12.2017	14.06.2018	GS USA	US Government	US912796PL77	63 634 800 000
20.12.2017	27.12.2017	GS RK	National Bank of RK	KZW1KD071390	44 702 823 500
20.12.2017	17.01.2018	GS RK	National Bank of RK	KZW1KD281403	161 929 792 300
20.12.2017	18.10.2022	GS RK	RK Government	KZKDKY100128	10 300 000 000
21.12.2017	28.12.2017	GS RK	National Bank of RK	KZW1KD071416	84 409 026 800
22.12.2017	29.08.2023	GS RK	RK Government	KZKDKY090113	12 000 000 000
25.12.2017	09.07.2021	GS RK	RK Government	KZKDKY070842	7 559 368 000
26.12.2017	03.01.2018	GS RK	National Bank of RK	KZW1KD081449	33 900 000 000
27.12.2017	24.01.2018	GS RK	National Bank of RK	KZW1KD281460	106 600 000 000
28.12.2017	04.01.2018	GS RK	National Bank of RK	KZW1KD071473	91 900 000 000
Total					1 394 817 973 200

Table 7. Information on financial instruments sale within reporting period

Transaction Date	Maturity Date	Instrument	Emitter	ISIN	KZT amount of transaction
29.12.2017	04.01.2018	GS USA	US Government	US912796LC15	16 613 342 865
Total					16 613 342 865

Table 8. Information on foreign banks deposits allocation within reporting period

Transaction Date	Maturity Date	Emitter	KZT amount of transaction
11.12.2017	12.03.2018	Bank of Tokyo-Mitsubishi UFJ	45 231 750 000
21.12.2017	20.03.2018	Bank of Montreal	45 107 550 000
Total			90 339 300 000

Table 9. Information on principal redemptions within reporting period

ISIN	Instruments	Emitter	Date of actual redemption	KZT maturity amount
KZW1KD101171	GS RK	National Bank of RK	04.12.2017	22 700 000 000
KZW1KD071184	GS RK	National Bank of RK	04.12.2017	56 300 000 000
KZW1KD071192	GS RK	National Bank of RK	05.12.2017	99 800 000 000
KZW1KD281007	GS RK	National Bank of RK	06.12.2017	52 494 729 400
KZW1KD071226	GS RK	National Bank of RK	07.12.2017	34 182 605 100
KZW1KD071259	GS RK	National Bank of RK	11.12.2017	95 139 377 600
KZW1KD071267	GS RK	National Bank of RK	12.12.2017	87 089 522 600
KZW1KD281072	GS RK	National Bank of RK	13.12.2017	116 239 668 000
KZW1KD071291	GS RK	National Bank of RK	14.12.2017	37 200 000 000
KZW1KD071309	GS RK	National Bank of RK	15.12.2017	12 507 886 700
US912796MG10	GS USA	US Government	15.12.2017	48 287 520 000
KZW1KD091323	GS RK	National Bank of RK	20.12.2017	94 195 976 600
KZW1KD081332	GS RK	National Bank of RK	20.12.2017	98 927 318 800
KZW1KD281148	GS RK	National Bank of RK	20.12.2017	76 297 080 400
XS1153772725	Bonds	ForteBank JSC*	21.12.2017	48 043 570
KZW1KD071366	GS RK	National Bank of RK	21.12.2017	30 000 000 000
XS0868359166	Bonds	Samruk Energo JSC	21.12.2017	1 670 650 000
KZW1KD281213	GS RK	National Bank of RK	27.12.2017	56 400 000 000
KZW1KD071390	GS RK	National Bank of RK	27.12.2017	44 702 823 500
KZW1KD071416	GS RK	National Bank of RK	28.12.2017	84 409 026 800
KZP02Y05E010	Bonds	Sberbank JSC SB	28.12.2017	10 097 000 000
Total				1 158 689 229 070

* - partial redemption of nominal value in accordance with the terms of issue

Table 10. Information on foreign banks deposit principal redemption within reporting period

Date of redemption	Date of closing	Emitter	KZT maturity amount
04.12.2017	04.12.2017	Credit Agricole	39 930 000 000
11.12.2017	11.12.2017	Bank of Montreal	58 298 700 000
12.12.2017	12.12.2017	Mizuho Corporate Bank	33 819 850 000
15.12.2017	15.12.2017	Natixis	32 527 010 000
15.12.2017	26.10.2019	Kassa Nova Bank JSC*	240 000 000
21.12.2017	21.12.2017	Rabobank Nederland	45 107 550 000
27.12.2017	26.10.2019	Bank RBK JSC**	1 600 000 000
27.12.2017	08.12.2019	Bank RBK JSC **	1 000 000 000
Total			212 523 110 000

* - deposit partial redemption
** - deposit early redemption