

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

As of February 01, 2020 UAPF JSC pension assets (hereinafter referred to as PA) under fiduciary management of the National Bank of RK (hereinafter, NBRK) amounted to KZT 10,899.81 bln¹.

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 01/01/2020	Share as of 01/01/2020	Current Value as of 01/02/2020	Share as of 01/02/2020	Increase/Decrease from the Beginning of the Year
Government securities of MF RK	3,924.29	36.34%	3,969.01	36.41%	1.14%
Notes of NBRK	443.71	4.11%	572.49	5.25%	29.21%
Foreign government securities	1,235.06	11.44%	1,403.37	12.88%	13.63%
IFO	361.70	3.35%	362.45	3.33%	0.21%
Corporate bonds of RK issuers	28.49	0.26%	27.44	0.25%	-3.69%
Bonds of quasi-public organizations of RK	1,604.96	14.86%	1,612.47	14.79%	0.47%
Bonds of second tier banks of RK	1,183.29	10.96%	1,172.86	10.76%	-0.88%
Corporate bonds of foreign issuers	9.33	0.09%	9.10	0.08%	-2.52%
Bonds of foreign quasi-public organizations	232.50	2.15%	230.87	2.12%	-0.70%
PPN	30.80	0.29%	30.35	0.28%	-1.46%
Shares and depository receipts of RK issuers	239.36	2.22%	240.64	2.21%	0.54%
Shares and depository receipts of foreign issuers	29.03	0.27%	28.69	0.26%	-1.17%
Deposits	254.91	2.36%	256.10	2.35%	0.47%
NBRK Deposits	138.00	1.28%	-	0.00%	
Deposits in foreign banks	328.42	3.04%	314.82	2.89%	-4.14%
SWAP	18.40	0.17%	24.02	0.22%	30.57%
Cash on investment accounts	510.67	4.73%	295.08	2.71%	
Other assets (accounts receivable ² , past-due accounts, provisions)	13.49	0.12%	7.57	0.07%	
REPO	-	0.00%	73.29	0.67%	
Assets under external management	211.89	1.96%	269.16	2.47%	27.03%
Total PA under fiduciary management of NBRK	10,798.31	100.00%	10,899.81	100.00%	0.94%
Cash on investment accounts for settlement of transactions					
Cash on contribution and benefit payment accounts	10.90		2.33		
Total Pension Assets	10,809.21		10,902.15		0.86%

Average yield to maturity of debt financial instruments in the Fund's PA investment portfolio as of February 01, 2020 is 7.1% including those nominated in KZT – 8.7% and nominated in foreign currency – 3.2% per annum.

¹ less cash on contribution and benefit payment accounts.

² 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.

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 3,969.01 increasing by KZT 44.72 bln. Their share in the portfolio amounted to 36.41%.

In the reporting period the following instruments were acquired Government Securities of the Ministry of Finances of RK nominated in KZT in amount of KZT 73.60 bln with yield to maturity 9.49% per annum. Government Securities of the Ministry of Finances of RK were redeemed in amount of KZT 11.60 bln.

No sales of the Government Securities of MF TRK 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 7.7% per annum, while those nominated in USD – 4.4% per annum.

Notes of the National Bank of the Republic of Kazakhstan

The current value of the notes of RK National Bank as of reporting date amounted to KZT 572.49 bln. Their share is 5.25%.

In the reporting month within the current liquidity management in order to maintain return on PA there were investments into the notes of the National Bank of RK. Average value of the transactions came to KZT 68.16 bln with average yield to maturity 9.37% per annum.

Foreign Government Securities

The current value of bonds of Foreign Government Securities for the reporting month increased by KZT 168.32 bln and amounted to KZT 1,403.37 bln. Their share in the portfolio is 12.88%.

There were US Government securities in amount of KZT 368.46 bln with average yield to maturity 1.53% per annum acquired within the period in question.

Within the reporting period Government Securities of the USA were sold in amount of KZT 41.62 bln.

There were also US Government Securities redeemed in amount of KZT 143.34 bln.

The average weighted yield to maturity of the Foreign Government Securities in UAPF's PA portfolio came to 2.2%.

Bonds of International Financial Organizations

The current value of bonds of International Financial Organizations for the reporting month increased by KZT 0.75 bln and amounted to KZT 362.45 bln. Their share in the portfolio is 3.33%.

There were no purchases, 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, with a fixed interest rate of 9.4% per annum; with an indexed interest rate - inflation and premium, 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 with a weighted average maturity period of 4.56 years in the reporting month increased by KZT 1.19 bln and amounted to KZT 256. 10 bln. Their share in the portfolio is 2.35%.

There were no allocations and redemptions 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 9.1% per annum.

Deposits in foreign banks

In the reporting month, deposits in foreign banks denominated in US dollars and Russian rubles were placed. The average volume of transactions amounted to KZT 43.56 bln with a weighted average yield of 1.82% per annum and KZT 6.18 bln with a yield of 5.92% per annum, respectively.

Deposits in the National Bank of RK

In the reporting month, within the framework of managing current liquidity, in order to maintain the yield on pension assets, investments were made in overnight deposits of the National Bank of the Republic of Kazakhstan. The average volume of transactions amounted to KZT 88.47 bln with a weighted average yield of 8.25% 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 1.05 bln and amounted to KZT 27.44 bln. Their share in the portfolio amounted to 0.25%.

In the reporting period, bonds of SevKazEnergo JSC were purchased in the amount of KZT 5.00 bln with a yield of 13.75% per annum. In accordance with the period specified in the issue prospectus, the principal debt on bonds of SevKazEnergo JSC was repaid in the amount of KZT 5.48 bln.

There were no sales of corporate bonds of Kazakhstani issuers.

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 7.51 bln and amounted to KZT 1,612.47 bln. Their share in the portfolio amounted to 14.79%.

There were no sales, purchases or redemption of bonds of quasi-public organizations of the Republic of Kazakhstan.

As of the reporting date, the weighted average yield to maturity on bonds of Kazakhstan's quasi-public organizations denominated in KZT amounted to 10.4% per annum, in US dollars - 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 10.43 bln and amounted to KZT 1,172.86 bln. Their share in the portfolio is 10.76%.

No bonds of the second-tier banks were sold, redeemed, and acquired.

The weighted average yield to maturity of bonds of the second-tier banks of RK nominated in KZT amounted to 10.0%, while of those nominated in USD – 6.4% 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 0.24 bln and amounted to KZT 9.10 bln. Their share in the portfolio amounted to 0.08%.

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 7.9% 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 decreased by KZT 1.63 bln and amounted to KZT 230.87bln. Their share in the portfolio is 2.12%.

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 30.35 bln. Their share in the portfolio amounted to 0.28%.

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 increased by KZT 1.28bln and amounted to KZT 240.64 bln. Their share in the portfolio came to 2.21%.

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 0.34 bln and amounted to KZT 28.69 bln. Their share in portfolio amounted to 0.26%.

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.

In the reporting period, transactions of purchase and sale with foreign currency on the Kazakhstan Stock Exchange were not concluded.

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

Currency	Current Value as of 01/01/2020	Share as of 01/01/2020	Current Value as of 01/02/2020	Share as of 01/02/2020	<i>KZT bln</i>
					Increase/Decrease from the Beginning of the Year
National Currency	7,201.0	66.69%	7,329.16	67.24%	1.78%
US dollar	3,261.36	30.20%	3,241.89	29.74%	-0.60%
Russian ruble	33.45	0.31%	32.69	0.30%	-2.28%
Other currencies	302.50	2.80%	296.07	2.72%	-2.12%
Total:	10,798.31	100.00%	10,899.81	100.00%	0.94%

Investment results

The investment return from the beginning of the year amounted to KZT 30.37 bln in result of PA investment activity as well as due to FX volatility and change of the market value of financial instruments.

The return on UAPF pension assets distributed to the accounts of depositors (recipients) since the beginning of 2020 amounted to 0.26%.

At the same time, as of February 1, 2020, the return on pension assets for the past 12 months (from February 2019 to January 2020) for UAPF contributors (beneficiaries) was 6.68% with inflation i of 5.60%. Thus, over the past 12 months, the real return on pension assets of UAPF amounted to 1.08%

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

Description	<i>KZT bln</i>
	Investment return from the beginning of 2020
Incomes in the form of interest on securities, including placed deposits and reverse repurchase transactions	58.41
Incomes (losses) from market revaluation of securities	0.20
Incomes (losses) from foreign currency revaluation	-34.09
Incomes (losses) from other assets revaluation	5.62
Incomes (losses) from assets under external management	0.32
Other incomes (losses)	-0.09
Total:	30.37

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 February 01, 2020 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)
1	Foreign issuers:	23.68%	yes
1.1	Government, Agents and IFO securities:	17.00%	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	16.78%	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.	0.23%	yes
1.2	Corporate debt securities:	2.89%	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.	2.86%	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 similar level of one of the other rating agencies.	0.00%	yes
1.4	Shares, deposit receipts on shares	0.62%	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 similar level of one of the other rating agencies	2.89%	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	0.28%	yes
1.7	Islamic Financing Financial instruments:	0.06%	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.	0.06%	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:	71.82%	yes
2.1	GS RK issued by Ministry of Finance of RK, National Bank of RK	41.67%	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 the Republic of Kazakhstan	0.00%	yes
2.2	Securities of the quasi-public sector	15.66%	yes
2.3	Financial instruments of Kazakhstani second tier banks	14.13%	yes
2.4	Non-Government debt securities with the exception of debt securities of entities of quasi-public sector and 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 or a rating of similar level of one of other rating agencies	0.07%	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 equity securities with the exception of equity securities of quasi-public sector and second-tier banks of the Republic of Kazakhstan included into the Premium category of the KASE's official list, or listed on world stock exchanges with a market capitalization exceeding three trillion US dollars	0.29%	yes
2.6	Islamic Financing Financial instruments included into official list of KASE and /or AIFC stock exchange	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

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		yes
1)	In case if the Derivatives are used for financial risk hedging	3.39%	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

Instrument	Currency	Emitter	Nominal Value in KZT
GS USA	USD	US Government	368,460,400,000.00
GS RK	KZT	Government of RK	73,600,000,000.00
Bonds	KZT	SevKazEnergo JSC	5,000,000,000.00
Total			447,060,400,000.00

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

Instrument	Currency	Emitter	Transaction Amount in KZT
GS USA	USD	US Government	41,623,817,720.00
Итого			41,623,817,720.00

Table 8. Information on the repayment of the principal debt for securities in the reporting period

Instrument	Currency	Emitter	Amount Repayable in KZT
GS USA	USD	US Government	143,341,700,000.00
GS RK	KZT	Government of RK	11,604,347,000.00
Bonds	KZT	SevKazEnergo JSC	5,484,490,000.00
Total			160,430,537,000.00