

## INFORMATION ON INVESTMENT MANAGEMENT OF PENSION ASSETS OF UAPF JSC BY NBRK

As of January 1, 2025, UAPF pension assets<sup>1</sup> (hereinafter referred to as PA) held in trust by the National Bank of the Republic of Kazakhstan (hereinafter referred to as the NBRK) amounted to KZT22,415.00 bln<sup>2</sup>.

The structure of the investment portfolio of financial instruments, formed at the expense of UAPF pension assets, is presented in Table 1.

**Table 1. Structure of the investment portfolio of UAPF PAs held in trust by the NBRK, by financial instruments**

*KZT bln*

Description	Current Value as of 01.01.2024	Share as of 01.01.2024	Current Value as of 01.01.2025	Share as of 01.01.2025	Increase/Decrease from the beginning of the year
GS MF RK	8,289.48	46.55%	9,317.68	41.57%	12.40%
Foreign GS	22.36	0.13%	16.12	0.07%	-27.92%
IFO	359.46	2.02%	283.73	1.27%	-21.07%
Corporate bonds of RK issuers	14.01	0.08%	12.20	0.05%	-12.97%
Bonds of quasi-public organizations of RK	1,619.89	9.10%	1,982.17	8.84%	22.36%
Bonds of STB of RK	848.05	4.76%	960.30	4.28%	13.24%
PPN	7.23	0.04%	8.64	0.04%	19.49%
Shares and depository receipts of RK issuers	350.53	1.97%	378.64	1.69%	8.02%
Deposits	197.21	1.11%	-	0.00%	-100.00%
NBRK Deposits	876.66	4.92%	696.91	3.11%	-20.50%
Cash in investment accounts	48.34	0.27%	2.63	0.01%	-94.57%
REPO	26.71	0.15%	16.01	0.07%	-40.06%
Other assets (accounts receivable, overdue debt, provisions)	0.00	0.00	0.02	0.00%	100%
<b>Index asset management, including:</b>	<b>5,146.10</b>	<b>28.90%</b>	<b>8,739.96</b>	<b>38.99%</b>	<b>69.84%</b>
Assets of developed countries	1,644.24	9.23%	2,571.58	11.47%	56.40%
Assets of developing countries	1,122.87	6.31%	1,367.36	6.10%	21.77%
<b>assets under external management</b>	<b>2,378.99</b>	<b>13.36%</b>	<b>4,801.02</b>	<b>21.42%</b>	<b>101.81%</b>
<b>under the emerging market bond mandate:</b>					
Aviva Investors Global Services Limited	173.41	0.97%	268.05	1.20%	54.57%
TCW Asset Management Company LLC	-	-	131.38	0.59%	100%
PIMCO Asia Pte Ltd	-	-	231.00	1.03%	100%
<b>mandate of global shares:</b>					
Invesco Asset Management Deutschland GmbH	170.5	0.96%	355.97	1.59%	108.78%
HSBC Global Asset Management (UK) Limited	311.96	1.75%	574.47	2.56%	84.15%
UBS Asset Management (UK) Ltd	226.16	1.27%	454.12	2.03%	100.80%
Blackrock Financial Management	176.62	0.99%	402.40	1.80%	127.84%
BlackRock Investment Management	116.41	0.65%	233.72	1.04%	100.77%
Robeco Institutional Asset Management B.V.	219.38	1.23%	361.95	1.61%	64.99%
<b>mandate of investment grade corporate bonds:</b>					
Principal Global Investors (Europe) Limited	489.75	2.75%	613.03	2.73%	25.17%
PGIM Limited	494.79	2.78%	622.99	2.78%	25.91%
PIMCO Asia Pte Ltd	-	-	551.94	2.46%	100%
<b>Total PA under fiduciary management of NBRK</b>	<b>17,806.03</b>	<b>100.00%</b>	<b>22,415.00</b>	<b>100.00%</b>	<b>25.88%</b>
Cash in contribution and benefit payment accounts	38.97		75.49		
<b>Total Pension Assets</b>	<b>17,845.01</b>		<b>22,490.49</b>		

<sup>1</sup> formed from compulsory pension contributions, compulsory occupational pension contributions and voluntary pension contributions

<sup>2</sup> excluding money in the accounts of pension contributions and benefits.

As of 01.01.2025, the weighted average yield to maturity (YTM) of debt financial instruments in the investment portfolio of the UAPF PA amounted to 9.89% per annum, including 11.33% per annum for those denominated in tenge, and 5.05% per annum in foreign currency.

### **Government securities of the Ministry of Finance of the Republic of Kazakhstan**

The main share in the UAPF PA portfolio is occupied by government securities of the Ministry of Finance of the Republic of Kazakhstan, the current value of which increased by KZT299.55 bln during the reporting month and amounted to KZT9,317.68 bln. Their share in the portfolio was 41.57%.

In the period under review, government securities of the Ministry of Finance of the Republic of Kazakhstan were purchased in the amount of KZT71.34 bln at par value with a weighted average yield of 11.57% per annum. There were no sales or redemptions of securities of the Ministry of Finance of the Republic of Kazakhstan.

As of the reporting date, the weighted average yield to maturity on government securities of the Ministry of Finance of the Republic of Kazakhstan amounted to 11.19% per annum.

### **Foreign government securities in the liquidity sub-portfolio**

The current value of foreign government securities in the liquidity sub-portfolio decreased by KZT80.97 bln during the reporting month and amounted to KZT16.12 bln. Their share in the portfolio amounted to 0.07%. In the reporting month, US government securities were sold in the amount of KZT83.28 bln, there were no purchases or redemptions of US government securities.

### **Bonds of international financial organizations**

The current value of bonds of international financial organizations for the reporting month decreased by KZT4.75 bln and amounted to KZT283.73 bln. Their share in the portfolio was 1.27%.

In the reporting month, there were no purchases, sales or redemptions of securities of international financial organizations.

The average weighted yield to maturity on bonds of international financial organizations denominated in tenge, with a fixed interest rate, was 12.24% per annum, with an indexed interest rate - inflation and premium.

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

The current value of deposits in the National Bank of the Republic of Kazakhstan as of the reporting date amounted to KZT696.91 bln. Their share in the portfolio was 3.11%.

In the reporting month, as part of current liquidity management in order to maintain the profitability of pension assets, investments were made in deposits of the National Bank of the Republic of Kazakhstan. The average transaction volume amounted to KZT177.46 bln with an average weighted yield of 14.95% per annum.

### **Corporate bonds of issuers of the Republic of Kazakhstan**

The current value of corporate bonds of issuers of the Republic of Kazakhstan amounted to KZT12.20 bln. Their share in the portfolio amounted to 0.05%. In the reporting month, there were no redemptions, purchases and sales of corporate bonds of issuers of the Republic of Kazakhstan.

### **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 KZT24.32 bln and amounted to KZT1,982.17 bln. Their share in the portfolio amounted to 8.84%.

In the period under review, bonds of NMH Baiterek JSC were purchased in the amount of KZT50.00 bln at par value with an average weighted yield of 15.00% per annum. In the reporting month, bonds of the Development Bank of Kazakhstan JSC in the amount of KZT19.99 bln were redeemed. There were no sales of securities of quasi-public organizations of the Republic of Kazakhstan.

As of the reporting date, the average weighted yield to maturity on bonds of quasi-public organizations of the Republic of Kazakhstan denominated in tenge was 11.04% per annum, in US dollars - 5.49% per annum.

#### **Bonds of second-tier banks of the Republic of Kazakhstan**

The current value of bonds of STB RK for the reporting month increased by KZT102.65 bln and amounted to KZT960.30 bln. Their share in the portfolio was 4.28%.

In the considered month, bonds of the Halyk Bank of Kazakhstan JSC were purchased in the amount of KZT101.03 bln with an average weighted yield of 12.78% per annum. In the reporting month, bonds of the Bank CenterCredit JSC in the amount of KZT6.42 bln. There were no sales of bonds of STB RK.

As of the reporting date, the average weighted yield to maturity on bonds of STB RK amounted to 11.11% per annum.

#### **PPN**

The current value of PPN (structured notes) of foreign issuers in the reporting month amounted to KZT8.64 bln. Their share in the portfolio amounted to 0.04%. There were no sales, redemptions or purchases of PPN (structured notes) of foreign issuers.

#### **Shares and depositary receipts of issuers of the Republic of Kazakhstan**

The current value of shares and depositary receipts of issuers of the Republic of Kazakhstan for the reporting month decreased by KZT 8.30 bln and amounted to KZT378.64 bln. Their share in the portfolio amounted to 1.69%.

In the period under review, there were no purchases and sales of shares and depositary receipts of issuers of the Republic of Kazakhstan.

#### **Index management of assets of the currency portfolio**

Index management of assets involves the formation of an investment portfolio in relation to a benchmark portfolio, which is a set of securities reflecting the strategic interests of the investor. The yield of the benchmark portfolio serves as a measure for assessing the effectiveness of investment portfolio management. Indices developed and monitored by leading global financial companies or the National Bank of the Republic of Kazakhstan are used as a benchmark portfolio.

According to the strategic distribution of the currency portfolio, index asset management is applied to the sub-portfolio of developed countries bonds, the sub-portfolio of developing countries bonds, the sub-portfolio of corporate bonds and the sub-portfolio of shares.

Index asset management is carried out both by the NBRK independently and with the involvement of foreign management companies. The NBRK carries out index management of the sub-portfolio of developed countries and part of the sub-portfolio of developing countries bonds.

The allocation of the currency portfolio of the UAPF PA, which are in the trust management of the NBRK as of January 1, 2025, is presented in Table 2.

**Table 2. Strategic distribution of the currency portfolio of the UAPF PA as of 01/01/2025.**

Sub-portfolio	Target value (tolerance)	Value, in million US dollars	Value, in billion tenge	Share of foreign exchange portfolio, %	Share from PA UAPF, %
Bonds of developed countries	30% ( $\pm 10\%$ )	4 897,23	2 571,58	28,5%	11,47%
Developing countries bonds	25% ( $\pm 10\%$ )	3 804,51	1 997,79	22,2%	8,91%
Corporate bonds	20% ( $\pm 10\%$ )	3 404,92	1 787,96	19,8%	7,98%
Equity	25% (-17%/+10%)	4 537,40	2 382,63	26,4%	10,63%
Gold	0% (+10%)	0	0	0,00%	0,00%
Liquidity	0% (+40%)	522,19	274,21	3,0%	1,22%
<b>Total currency portfolio:</b>		<b>17 166,25</b>	<b>9 014,17</b>	<b>100,00%</b>	<b>40,21%</b>

### *Sub-portfolio of developed countries bonds*

The current value of the developed countries bond sub-portfolio increased by KZT111.46 bln over the reporting month and amounted to KZT2,571.58 bln. The share of the developed countries bond sub-portfolio in the UAPF PA portfolio was 11.47%.

The benchmark portfolio for the developed countries bond sub-portfolio is the Custom Index (G502), consisting of US government securities with a maturity of up to 10 years, denominated in US dollars. As of January 1, 2025, this index includes 206 bond issues.

### *Emerging Market Bonds Sub-Portfolio*

The current value of the sub-portfolio of bonds of developing countries increased by KZT38.19 bln over the reporting month and amounted to KZT1,997.79 bln. The share of the sub-portfolio of bonds of developing countries in the UAPF PA portfolio was 8.91%. During the reporting period, part of the pension assets of the UAPF was transferred to the management of TCW Asset Management Company LLC in the amount of 100.00 million US dollars.

The benchmark portfolio for the sub-portfolio of bonds of developing countries is the Custom Index (Q979), consisting of bonds denominated in US dollars, issued by developing countries with a rating of at least "BB". As of January 1, 2025, this index includes 419 issues of bonds denominated in US dollars, issued by 29 developing countries.

### *Corporate Bonds Sub-Portfolio*

The current value of the corporate bonds sub-portfolio increased by KZT65.94 bln over the reporting month and amounted to KZT1,787.96 bln. The share of the corporate bonds sub-portfolio in the UAPF PA portfolio was 7.98%.

The reference portfolio for the corporate bonds sub-portfolio is the Custom Index (Q980), consisting of corporate securities denominated in US dollars, the issuers of which are residents of developed and developing countries with high capitalization and a rating of at least "BBB". As of January 1, 2025, this index includes 7,467 bond issues issued by 1,317 issuers.

### *Equity sub-portfolio*

The current value of the equity sub-portfolio increased by KZT165.55 bln over the reporting month and amounted to KZT2,382.63 bln. The share of the equity sub-portfolio in the UAPF PA portfolio was 10.63%.

The benchmark portfolio for the equity sub-portfolio is the Custom MSCI World Index, which consists of shares of companies from developed countries. As of January 1, 2025, this index includes 1,352 shares of companies with large and mid-capitalization, related to 23 developed countries. The main share of the index, 73.2%, is occupied by shares of US companies. The index also includes shares of countries such as Japan, Great Britain, France, Canada and others.

### **Currency structure**

The investment portfolio of financial instruments by currencies in which the financial instruments acquired using the pension assets of the UAPF are denominated is presented in Table 3.

In the reporting period, there were no transactions.

**Table 3. Structure of the investment portfolio of PA UAPF, which are in trust management of the NBRK, by currency**

Currency	<i>KZT bln</i>				
	Current Value as of 01.01.2024	Share as of 01.01.2024	Current Value as of 01.01.2025	Share as of 01.01.2025	Increase/Decrease from the beginning of the year
National Currency	12,161.38	68.30%	13,400.82	59.79%	10.19%
US dollar	5,639.89	31.67%	9,013.29	40.21%	59.81%
Other currencies	4.76	0.03%	0.883893	0.00%	-81.44%
<b>Total:</b>	<b>17,806.03</b>	<b>100.00%</b>	<b>22,415.00</b>	<b>100.00%</b>	<b>25.88%</b>

## Investment Results

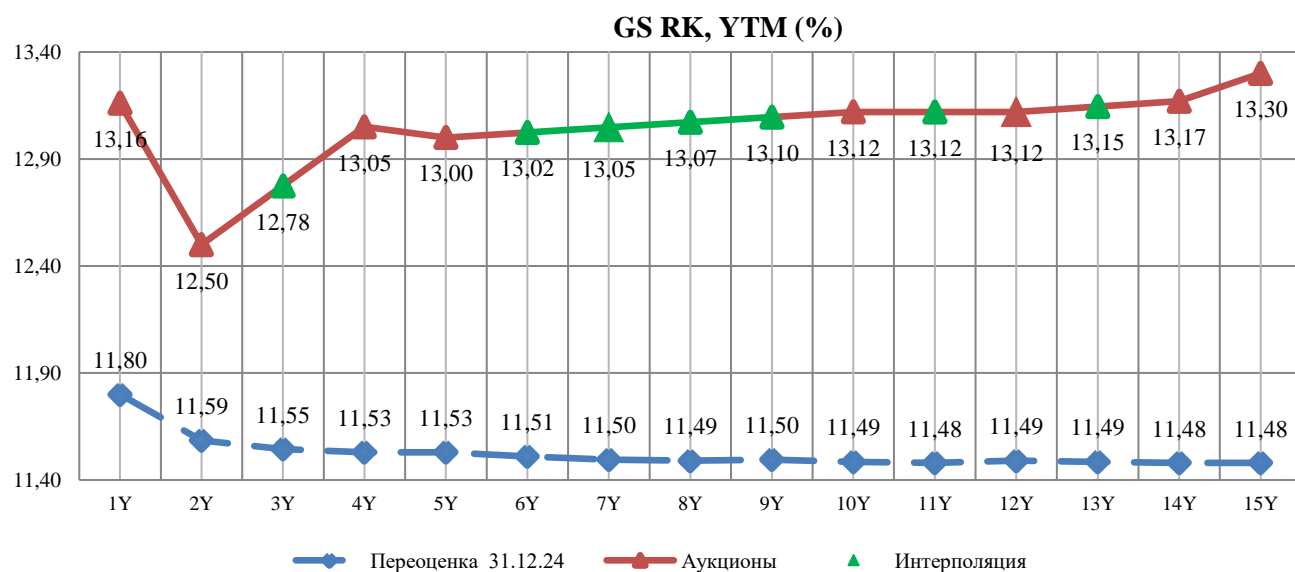
As a result of investment activities, as well as due to the volatility of foreign exchange rates and changes in the market value of financial instruments, the accrued investment income for 2024 amounted to KZT3.40 trln.

As of January 1, 2025, the return on UAPF pension assets over the past 12 months, distributed to the accounts of contributors (beneficiaries), amounted to 17.84% with inflation at 8.60%.

In December 2024, the market demonstrated volatility amid the lack of signs of progress in reducing inflation and tougher rhetoric from US Federal Reserve representatives. Thus, in December, a decision was made to reduce the base rate by 25 bp. from 4.75% to 4.50%, while Fed officials expect only 2 cuts to the base rate in 2025 compared to the forecast for 4 cuts in September last year. Inflation dynamics in the US showed a slight increase in December - 2.8% per annum against 2.7% per annum in November, while monthly inflation remained at the same level of 0.3%. The number of jobs in the non-farm sector increased to 256 thousand jobs in December, while the unemployment rate decreased from 4.2% in November to 4.1% in December.

As a result, the yield on benchmark 10-year US Treasury bonds increased by 40 bps in December. Spreads on emerging market bonds narrowed by 3 bps, while spreads on corporate bonds widened by 2 bps. At the same time, the MSCI World stock index fell by 2.68%.

In December, auctions for the placement of RK government securities were not held. The National Bank of the Republic of Kazakhstan decided to increase the base rate by 100 bp to 15.25%. At the same time, inflation accelerated to 8.6% per annum (8.4% in November) or 0.9% for December (0.9% in November).



The structure of accrued investment income for the specified period is presented in Table 4.

**Table 4. Structure of investment income received from UAPF PA, which is in trust management of the National Bank of Kazakhstan**

KZT bln

Description	Investment income in 2024
Income in the form of remuneration on securities, including on placed deposits and reverse REPO transactions and from market revaluation of securities	1,570.92
Income (loss) from market revaluation of securities	200.58
Income (loss) from foreign currency revaluation	578.42
Income (loss) on assets under external management	1,039.72
Other income (losses)	5.88
<b>Total</b>	<b>3,395.52</b>

### Information on compliance with the parameters of the investment declaration

The structural distribution of UAPF PA in trust meets the requirements of the UAPF Investment Declaration<sup>3</sup>. Shares of foreign exchange positions<sup>3</sup> remain within the acceptable level and do not violate the requirements of the UAPF Investment Declaration. Information on compliance with investment limits for UAPF PA as of January 1, 2025 is presented in Table 5

**Table 5. UAPF PA Investment limits**

No.	Financial Instrument Type	Actual Value (Expressed as Percentage from the PA)	Compliance (Yes/No)
	Cash KZT	0.00%	yes
	Cash in foreign currency	0.13%	yes
<b>1</b>	<b>Kazakhstani issuers:</b>	<b>59.04%</b>	<b>yes</b>
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	41.57%	yes
1.1.1	Government securities of the Republic of Kazakhstan issued by local executive bodies of the Republic of Kazakhstan	0.00%	yes
1.2	Deposits of the National Bank of the Republic of Kazakhstan	3.11%	yes
1.3	Securities of the quasi-public sector entities	<b>9.96%</b>	<b>yes</b>
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:	4.10%	yes
1)	Debt securities	4.02%	yes
2)	Equity securities	0.08%	yes
3)	Deposits	0.00%	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	0.00%	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	0.30%	yes
1.7	Islamic finance instruments included in the official list of the Kazakhstan Stock Exchange and / or AIFC Exchange	0.00%	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	0.00%	yes
<b>2</b>	<b>Foreign financial instruments, including instruments traded on foreign financial markets:</b>	<b>38.94%</b>	<b>yes</b>
2.1	Government, agency and securities of international financial organizations with a rating of the security and/or issuer not lower than “BB-” on the international scale of Standard & Poor’s or a rating of a similar level by one of the other rating agencies	20.83%	yes
2.2.	Municipal securities as part of investing in government and agency securities	0.00%	yes
2.3	Corporate debt securities with a rating of the security and/or issuer not lower than “BB-” on the international scale of Standard & Poor’s or a rating of a similar level by one of the other rating agencies	7.50%	yes
2.4	Securities secured by real estate (MBS) and assets (ABS) with a security and/or issuer rating of at least “BBB-” on the international scale of Standard & Poor’s or a rating of a similar level by one of the other rating agencies	0.00%	yes
2.5	Convertible securities as part of an investment in corporate securities with a rating of the security and/or issuer not lower than “BB-” on the international scale of the Standard & Poor’s agency or a rating of a similar level by one of the other rating agencies	0.00%	yes
2.6	Shares, depositary receipts for shares	10.57%	yes

<sup>3</sup> The investment declaration of the UAPF was approved by the Resolution of the Board of the National Bank of the Republic of Kazakhstan dated February 24, 2020 No. 10

2.7	Deposits (contributions) with counterparties having a rating of at least "A-" on the international scale of Standard & Poor's or a rating of a similar level by one of the other rating agencies	0.00%	yes
2.8	Structured products issued by organizations that have a rating of at least "BBB-" on the international scale of Standard & Poor's or a rating of a similar level by one of the other rating agencies	0.04%	yes
2.9	Islamic finance instruments with a rating of at least "BB-" on the international scale of Standard & Poor's or a rating of a similar level by one of the other rating agencies	0.52%	yes

No.	Financial Instrument Type	Actual Value (% of PA)	Performance (Yes / No)
1	Derivative financial instruments, including:	0.00%	yes
1.1	Derivative financial instruments used to hedge investment risk	0.00%	yes
1.2	Derivative financial instruments used for investment purposes	0.00%	yes
1.3	Gold in bars and AU metallic accounts	0.00%	yes

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

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

Instrument	Currency	Issuer	Nominal value in KZT
RK GS	KZT	RK Government	71,337,598,000
Bonds of quasi-public organizations	KZT	NMH Baiterek JSC	50,000,000,000
STB bonds	KZT	Halyk Bank of Kazakhstan JSC	101,033,990,000
<b>Total</b>			<b>222,371,588,000</b>

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

Instrument	Currency	Issuer	Transaction amount in KZT
US GS	USD	US Government	83,278,199,548
<b>Total</b>			<b>83,278,199,548</b>

**Table 8. Information on repayments of principal debt on securities in the reporting month**

Instrument	Currency	Issuer	Amount to be repaid in KZT
Bonds of quasi-public organizations of RK	KZT	Development Bank of Kazakhstan JSC	19,994,054,000
STB bonds	KZT	Bank CenterCredit JSC	6,422,433,000
<b>Total</b>			<b>26,416,487,000</b>