

ANNOUNCEMENT

The cumulative return on pension assets since the start of the accumulative pension system has exceeded cumulative inflation by 117.84%

The amount of pension savings of contributors to the Unified Accumulative Pension Fund as of April 1, 2022 reached KZT13.0 trln. As you know, this amount includes pension contributions of contributors and investment income.

The share of investment income in pension savings is growing every year. In general, the investment income provided by the National Bank since the merger of all pension assets into the UAPF amounted to KZT6.3 trln.

From January 1 to April 1, 2022, investment income amounted to about KZT295.8 bln.

Since the beginning of the year, against the backdrop of a worsening geopolitical situation, volatility has increased in the global financial and commodity markets, which has affected both the growth of inflation and the return of pension assets.

In March of this year, inflation in Kazakhstan reached its peak annual value since September 2016, accelerating to 12%. The greatest contribution to inflation was made by food products, the price growth for which accelerated to 15.4%. Prices for non-food goods and services also increased.

The return of pension assets changed due to market and currency revaluation of financial instruments, which since the beginning of the year has been both positive and negative in different periods.

Pension savings are invested in financial instruments in different currencies. About 2/3 of investments are placed in tenge and about 1/3 - in foreign currency, most of the foreign currency investments - in US dollars. Accordingly, the dollar exchange rate is reflected in investment income as part of pension assets: if the national currency strengthens, investment income may decrease, and if the dollar exchange rate rises, it can grow.

From January to early March 2022, the tenge weakened against the US dollar from 431 tenge to 495 tenge and to 512 tenge. Thus, there was a positive currency revaluation of pension assets on a weekly basis. Contributors have seen significant positive investment returns in their individual pension saving accounts. Then the national currency began to strengthen, the dollar exchange rate, respectively, to decline. As of April 1, it was 466 tenge per 1 dollar.

As a result, negative events in the financial markets and currency revaluation of assets had an impact on investment returns, which over the past 12 calendar months amounted to 10.43%, with inflation over the same period of 12.0%. Since the revaluation of pension assets is carried out weekly and on the last day of the month, contributors see changes in their statements.

It is worth emphasizing that pension savings are long-term investments and it is advisable to analyze the amount of investment income for a period of at least 1 (one) year. Short-term data (weekly, monthly, etc.) are not indicative, because subject to constant changes in market conditions.

For example, the amount of net investment income for the past 2021, distributed to the pension accounts of contributors (beneficiaries), amounted to about KZT1.4 trln, which exceeded the amount of contributions received during the year (KZT1.3 trln). The yield on UAPF pension assets in 2021 managed by the National Bank of Kazakhstan since the beginning of the year amounted to 11.13%, with inflation of 8.4%.

The investment return from the day the accumulative pension system was founded (1998) as of April 1, 2022, on an accrual basis, amounted to 698.23%, with inflation for the entire period of 580.40%. Thus, the real (i.e., exceeding inflation) return on pension assets for the period from the start of the funded pension system until April 1, 2022 amounted to 117.84%.

The entire system of investment management and accounting for pension assets is transparent: each contributor has the opportunity to see his investment income in his personal account on the enpf.kz website or in a mobile application.

Information on the investment management of UAPF pension assets and on financial instruments in which UAPF pension assets are placed is published on the UAPF official website (www.enpf.kz) in the “Indicators/Investment Activity” section.

The UAPF was established on August 22, 2013 on the basis of GNPF APF JSC. The UAPF founder and shareholder is the Government of the Republic of Kazakhstan represented by the State Institution “Committee of State Property and Privatization” of the Ministry of Finance of the Republic of Kazakhstan. UAPF pension assets are managed by the National Bank of the Republic of Kazakhstan. From January 1, 2016, the functions for developing proposals to improve the management of pension assets were transferred to the National Fund Management Council. In accordance with the pension legislation, the UAPF attracts compulsory pension contributions, compulsory occupational pension contributions, voluntary pension contributions, pension benefits, individual accounting of pension accumulations and benefits, provides the contributor (beneficiary) with information on the status of his pension accumulations (for more information visit www.enpf.kz)