

ANNOUNCEMENT

Against the backdrop of an unstable macroeconomic situation, the investment income of pension assets remains positive

The amount of pension savings of contributors to the Unified Accumulative Pension Fund as of December 1, 2022 amounted to **KZT14.4 trillion**.

Net investment income distributed since the beginning of the year to the accounts of contributors amounted to **KZT777 billion**. Despite the negative macroeconomic situation in 2022, the return on pension assets for 12 months (December 2021-November 2022) amounted to 5.91%. At the same time, over the past five years, the accumulated profitability has exceeded the rate of inflation.

2022, marked by rapidly rising interest rates as well as low asset returns, has been a tough year for pension funds around the world. According to quarterly analytical reports from Willis Towers Watson (Global Pension Finance Watch, wtwco.com), the performance of pension systems is greatly influenced by changes in exchange rates with a noticeable strengthening of the US dollar, as well as inflationary pressures that persist in all countries. Pension assets in the UK suffered the most, with a loss on them since the beginning of the year amounting to (-29.6%). Following in terms of loss ratio is the US pension market with a negative yield (-15.7%). The investment loss of the Eurozone countries, Switzerland and Canada amounted to (-14.1%). Loss on Japanese pension assets amounted to (-3.0%). Norway's largest public pension fund in the world lost \$174 billion in the first half of 2022, according to open sources.

Pension savings are long-term investments. In some periods, there may be a decrease in return due to the volatility of foreign exchange rates, changes in the market value of financial instruments, as well as the impact of inflation.

In the medium and long term, a positive real (exceeding accumulated inflation) return of pension savings is ensured. The investment return from the period of foundation of the accumulative pension system (1998) as of December 1, 2022, on an accrual basis, amounted to **726.3%**, with inflation for the entire period of **669%**.

Income earned by the National Bank of the Republic of Kazakhstan since 2014, the period of completion of the consolidation of all pension assets in the UAPF, amounted to **KZT6.8 trillion**.

Even if the decrease in return in a particular period will affect the accumulated return of the contributor upon the onset of the right to benefits, we recall that in the Republic of Kazakhstan there is a unique guarantee of the safety of compulsory types of pension contributions, taking into account the level of inflation.

The entire system of investment management and accounting of 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 investment management of UAPF pension assets and financial instruments in which UAPF pension assets are placed is published on the official website of UAPF (www.enpf.kz) in the section "Indicators/Investment activity".

A lot of interesting and useful information on the YouTube channel БЖЗКҒНПФ.

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)