

ANNOUNCEMENT

Investment portfolios of pension assets as of February 1, 2023

The enpf.kz website contains a report on the management of pension assets of the NBRK and IPM as of February 1, 2023. A detailed report on the investment of pension savings is posted on the website enpf.kz in the section “Indicators - Investment activity”, which provides monthly information on the management of pension assets by the National Bank of the Republic of Kazakhstan (NBRK) and investment portfolio managers (IPM). As previously reported, the total amount of pension assets as of February 1, 2023 amounted to about **KZT14.9 trln.** At the same time, UAPF pension assets [held in trust by the NBRK](#) amounted to **KZT14,845.94 bln.** [Pension assets managed by IPM](#) amounted to KZT9.57 bln.

Investment portfolio of pension assets managed by the NBRK

The current structure of the main investments is as follows: government securities of the Ministry of Finance of the Republic of Kazakhstan - 47.96%, bonds of quasi-public companies - 11.27%, bonds and deposits of second-tier banks of the Republic of Kazakhstan - 7.63%, foreign government securities - 5.47%, securities of international financial organizations - 2.52%, corporate bonds of Kazakhstani issuers - 0.11%.

As of February 1, 2023, the investment portfolio in terms of currencies in which financial instruments purchased using pension assets are denominated looks like this: investments in the national currency - 71.63%, in US dollars - 28.31%, in another currency - 0.05% of the portfolio of pension assets. Analyzing the structure of income received, it can be seen that income in the form of interest on securities, including on placed deposits and reverse REPO operations and from market revaluation of securities, amounted to KZT111.01 bln, other income - KZT0.21 bln. And the instruments under external management and related to the revaluation of foreign currency brought losses in the amount of KZT45.03 bln, which confirms the influence of geopolitical factors on investment income received this year. However, the total income for January 2023 is positive.

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 from the beginning of 2023 amounted to KZT66.19 bln.

Against the background of the aggravation of the geopolitical situation, increased volatility in global financial markets, accelerating inflation, as well as rising yields on bonds of developed and developing countries, the return on UAPF pension assets distributed to the accounts of contributors (beneficiaries) since the beginning of 2023 amounted to 0.44%.

At the same time, as of February 1, 2023, the return on pension assets for the last 12 months (from February 2022 to January 2023) for UAPF contributors (beneficiaries) amounted to 6.93%.

It is important to note that the return on pension assets for certain short periods of time is not an indicator of the effectiveness of their management. Pension assets are characterized by a long investment horizon and one of the main objectives of their investment is to obtain real returns in the long term. The cumulative

return for the period from April 2014, when the consolidation of pension assets was completed, to January 2023 amounted to 116.88%. For 9 years from 2014 to 2022, in annual terms, the return on pension assets of the UAPF is 9.33% per annum.

[A detailed structure](#) of the investment portfolio of financial instruments managed by the NBK, indicating issuers and an overview of investment activities, are posted on the official website of the UAPF. Recall that in Kazakhstan there is a model of the state guarantee of the safety of pension savings. In accordance with Article 5 of the Law of the Republic of Kazakhstan *On Pension Provision in the Republic of Kazakhstan*, the state guarantees recipients the safety of compulsory pension contributions and compulsory occupational pension contributions to the UAPF in the amount of actually made contributions, taking into account the inflation rate at the time of obtaining the right to pension payments.

Investment portfolio managers

The total amount of funds managed by IPM is KZT9.57 bln.

As of February 1, 2023, pension assets in trust management of *Jusan Invest JSC* amounted to **KZT4.29 bln**. The most significant investments of the company: shares of Exchange Traded Funds (ETF) - 31.52% of the portfolio; NBRK notes - 29.17%, government securities of the Ministry of Finance of the Republic of Kazakhstan - 20.56%. 10.10% are cash on accounts. Note that 59.57% of the portfolio is presented in tenge; 40.43% - in US dollars.

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 amount of accrued investment income for January 2023 amounted to KZT106.19 mln. Return on pension assets - 2.40%.

[A detailed structure](#) of the investment portfolio of financial instruments managed by Jusan Invest JSC, indicating issuers, is presented on the UAPF website.

Pension assets in trust management of *Halyk Global Markets JSC* amounted to **KZT2.68 bln**. The main investments in the portfolio structure are as follows: "reverse REPO" (no more than 90 calendar days) is 54.77%; equity instruments of foreign issuers (ETF units) - 13.2%; bonds of quasi-public organizations of the Republic of Kazakhstan - 12.45%; securities with state status, issued by the central governments of foreign states - 6.66%. Investments in the national currency amounted to 79.32% of the portfolio, in US dollars - 20.68%.

As a result of investment activities, the amount of accrued investment income for January 2023 amounted to KZT62.26 mln. The return on pension assets is 2.20% from the beginning of 2023.

[A detailed structure](#) of the investment portfolio of financial instruments managed by Halyk Global Markets JSC with indication of issuers is presented on the UAPF website.

Pension assets in trust management of *BCC Invest JSC* amounted to **KZT1.57 bln**. Among the main areas of investment, the following can be distinguished: government bonds of the Republic of Kazakhstan - 49.61% of the portfolio; bonds of quasi-public organizations of the Republic of Kazakhstan 21.52%; shares

(ETF for indices) – 9.09%. 78.4% of the portfolio was invested in instruments in national currency, 21.6% in US dollars.

As a result of investment activities, the amount of accrued investment income for January 2023 amounted to KZT31.06 mln. Return on pension assets - 1.89%. Most of the accrued investment income came from interest on reverse repurchase transactions and income from the market revaluation of securities.

[A detailed structure](#) of the investment portfolio of financial instruments managed by BCC Invest JSC with an indication of issuers is presented on the UAPF website.

Pension assets in trust management of *Centras Securities JSC* amounted to **KZT1.01 bln**. 68.48% of assets are invested in government securities of the Ministry of Finance of the Republic of Kazakhstan; cash on investment accounts is 11.93%; bonds of quasi-public organizations – 8.74%. 79.33% of the portfolio was invested in instruments in national currency, 20.67% in US dollars.

As a result of investment activities and changes in the market value of financial instruments, the accrued investment income for January 2023 amounted to KZT -5.58 mln. The return on pension assets for January 2023 was -0.52%.

[A detailed structure](#) of the investment portfolio of financial instruments managed by Centras Securities JSC with indication of issuers is presented on the UAPF website.

Recall that after receiving pension assets from UAPF, an IPM invests them in permitted financial instruments specified in the *Rules for the implementation of investment portfolio management activities*, approved by the Resolution of the Board of the National Bank of the Republic of Kazakhstan dated February 3, 2014 No. 10, and provided for in the IPM Investment Declaration. When transferring pension savings to IPM management, the state guarantee is replaced by the guarantee of the management company to ensure the minimum level of return on pension assets. The minimum level of return is calculated based on the weighted average return on pension assets transferred to IPM management and operating on the market.

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)