

ANNOUNCEMENT

Since the start of operation of the APS, net investment income amounted to KZT6.8 trillion

The amount of pension savings of contributors to the Unified Accumulative Pension Fund as of June 1, 2022 is about **KZT12.8 trillion**. As you know, this amount includes the pension contributions of contributors and investment income.

The share of investment income in pension savings is growing every year. In general, the net investment income provided by the National Bank since 2014 (the end of the process of merging all pension assets into the UAPF) amounted to **KZT5.9 trillion**. If we consider investment income from the beginning of the functioning of the accumulative pension system in Kazakhstan, then it amounts to **KZT6.8 trillion**.

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

Retirement 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. In general, it is worth emphasizing that since 2014 the foreign exchange share of pension assets has increased from **17% to 29%**.

From January to early March 2022, the tenge depreciated against the US dollar from KZT431 to KZT495 and to KZT512. 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 June 1, it was KZT414.67 per 1 dollar. Since the revaluation of pension assets is carried out weekly and on the last day of the month, contributors see changes in their statements.

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 4.14%.

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 trillion**, which exceeded the amount of contributions received during the year (1.3 trillion tenge). The yield on pension assets of the UAPF in 2021 managed by the National Bank of Kazakhstan since the beginning of the year amounted to **11.13%**, with inflation of **8.4%**.

From the April of 2014 to June 1, 2022, the yield managed by the NBRK was **99.94%**. The investment return from the day the accumulative pension system was founded (1998) as of June 1, 2022, on an accrual basis, amounted to **670.58%**, with inflation for the entire period of **603.68%**. Thus, the real (i.e., exceeding inflation) return on pension assets for the period from the start of the funded pension system as of June 1, 2022 amounted to **66.90%**.

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)