

ANNOUNCEMENT

By the end of 2025, investment income and nominal return on pension assets will be at a positive level

Based on the National Bank of the Republic of Kazakhstan's (NBRK) pension asset management investment performance, accrued investment income for 2025 amounted to **KZT1.77 trillion**. Given exchange rate volatility and fluctuations in the market value of financial instruments, the return on pension assets distributed to contributors' (beneficiaries') accounts at the end of 2025 was **7.43%**.

It is important to note that the return on pension assets for individual short-term periods is not an indicator of the effectiveness of their long-term management (for example, in 2024, the investment return on pension assets was **17.96%**), due to the volatility of the market value of financial instruments, exchange rates, and other indicators from period to period. Therefore, an objective analysis of investment income is advisable **over a longer period**.

One of the key factors influencing the 2025 return level was the negative exchange rate revaluation caused by the strengthening of the tenge against the US dollar. The share of investments in financial instruments denominated in foreign currencies in the pension asset structure amounted to 41%.

The 2025 return rate in Kazakhstan is comparable to global returns. According to the international analytical agency Willis Towers Watson¹, **the nominal returns** of the largest pension markets for the 12 months ending October 1, 2025, were as follows: Eurozone – 4.7%, UK – (-4.1%), Switzerland – 3.4%, Canada – 9.2%, US – 10.9%, Japan – 3.3%.

In the medium and long term, a positive real return (exceeding cumulative inflation) on pension savings is ensured. Thus, the accumulated investment return since the inception of the funded pension system in 1998 as of January 1, 2026, cumulatively, was **1,060.17%**, with inflation for the entire period at **941.90%**.

As of January 1, 2026, net investment income accumulated since 2014 (following the consolidation of pension assets into the UAPF) amounted to **KZT10.43 trillion**. Taking into account payments made, its share of the total pension savings of contributors (beneficiaries) is **41.4%**, demonstrating the significant role of investment activity in the structure of citizens' savings.

It should also be noted that contributors have the right to transfer a portion of their pension assets (up to 50% of pension savings through compulsory pension contributions and up to 100% of pension savings through voluntary pension contributions) to a private investment portfolio manager (IPM) that meets the regulator's requirements.

Compared to the more conservative management of the National Bank of the Republic of Kazakhstan, which is aimed at preserving pension assets and ensuring their positive long-term returns, the IPM's investment declarations and regulatory requirements provide for broader investment opportunities for IPMs to increase the return on pension assets (although the risks associated with IPMs are also higher).

As a reminder, Kazakhstan has a unique guarantee for the safety of compulsory pension contributions and compulsory occupational pension contributions managed by the National Bank of the Republic of Kazakhstan, taking into account the inflation rate. In the event of a decrease in returns in a

¹ Global Pension Finance Watch – 3rd quarter 2025, WTW

particular period, affecting the contributor's accumulated returns upon the entitlement to payments, compensation for the difference is guaranteed by the state.

The entire investment management and pension asset accounting system is transparent: each investor can view their investment income in their personal account on the enpf.kz website or in the mobile app.

Information on the investment management of UAPF pension assets and the financial instruments in which UAPF pension assets are invested is published on the official UAPF website (www.enpf.kz) in the "Statistics and Analytics/Investment Management of Pension Assets" section.

UAPF was founded on August 22, 2013 on the basis of GNPf APF JSC. The founder and shareholder of the UAPF 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. Trust management of UAPF pension assets is carried out by the National Bank of the Republic of Kazakhstan. In accordance with the pension legislation, the UAPF attracts compulsory pension contributions, employer's compulsory pension contributions, compulsory occupational pension contributions, voluntary pension contributions, as well as carries out enrollment and accounting of voluntary pension contributions formed at the expense of the unclaimed amount of guaranteed compensation for the guaranteed deposit, transferred by the organization carrying out mandatory guarantee of deposits, in accordance with the Law of the Republic of Kazakhstan "On mandatory guarantee of deposits placed in second-tier banks of the Republic of Kazakhstan", ensures the implementation of pension benefits. The Fund also carries out accounting of target assets and target requirements, accounting and crediting of target savings (TS) to target savings accounts, payments of TS to their recipients in bank accounts, accounting for returns of TS in the manner determined by the Government of the Republic of Kazakhstan within the framework of the National Fund for Children program (More details at www.enpf.kz)