

ANNOUNCEMENT

The real return of pension assets since the beginning of the accumulative pension system came to 130.46%

The amount of pension savings of contributors to the Unified Accumulative Pension Fund as of February 1, 2022 is KZT13.1 trillion. As you know, this amount includes pension contributions and investment income.

Despite the instability in the financial markets, related, among other things, to the political situation in January both in Kazakhstan and abroad, net investment income for the first month of 2022 showed a positive trend and reached KZT10.6 billion.

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

For example, the amount of net investment income for the entire past 2021, distributed to the IPFA of contributors (beneficiaries), amounted to about KZT1.4 trillion, which exceeded the amount of contributions received during the year (KZT1.3 trillion). 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% (which is higher than the yield on term bank deposits), with inflation of 8.4%.

At the same time, in general, the investment income provided by the National Bank since the merger of all pension assets into the UAPF (2014), as of February 1, 2022, amounted to KZT6.05 trillion, which is 36.7% of all pension savings of Kazakhstanis. The investment return from the day the accumulative pension system was founded (1998) as of February 1, 2022, on an accrual basis, amounted to 681.75%, with inflation for the entire period of 551.29%. Thus, the real return on pension assets for the period from the start of the accumulative pension system until February 1, 2022 amounted to 130.46%.

Recall that Pension Asset Managers (the National Bank of the Republic of Kazakhstan and Investment Portfolio Managers (IPM)) place pension assets in Kazakhstan and abroad in different financial instruments in different sectors of the economy, in different currencies in order to receive investment income. Such diversification ensures the safety and sustainable profitability of pension savings. Investment income consists of income in the form of interest on securities (deposits and other transactions), income in the form of market and currency revaluation of financial instruments, income on assets under external management, etc.

Income from market and currency revaluation can be both positive and negative in a given period. Therefore, as a result of investment activities, due to the volatility of foreign exchange rates and changes in the market value of financial instruments, the amount of accrued investment income may vary.

In general, in accordance with the Law on Pension Provision of the Republic of Kazakhstan, the state provides a guarantee of the safety of pension savings, taking into account inflation at the time of obtaining the right to pension payments. This norm, which has no analogues anywhere in the world, helps save contributors' savings from inflation. When transferring pension savings to the management of the IPM, the guarantee of the state is replaced by the guarantee of the management company to ensure the minimum level of return on pension assets.

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 24/7. Note that pension assets are revalued weekly and on the last day of each month.

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)