

UAPF JSC

Information on pension assets investment management in December 2016

As of January 01, 2017 the pension assets (further – PA) of “UAPF” JSC under the management of the National Bank of RK amounted to KZT 6 680.14 bln¹

Pension assets portfolio

Table 1. Pension assets

Instrument	Current value in bln KZT on 01.12.2016.	Share on 01.12.2016.	Current value in bln KZT on 01.01.2017.	Share on 01.01.2017.	Growth / loss within report period	Growth / loss from the beginning of year
Government securities of RK	2 882.24	43.40%	2 910.82	43.57%	0.99%	10.60%
Foreign government securities	361.23	5.44%	365.01	5.46%	1.05%	620.43%
IFO	86.24	1.30%	86.63	1.30%	0.46%	2.01%
Corporate bonds of RK emitters	87.95	1.32%	84.03	1.26%	-4.45%	-32.55%
Bonds of quasi public organizations of RK	843.00	12.69%	900.17	13.48%	6.78%	74.77%
Bonds of STB RK	1 460.71	22.00%	1 450.20	21.71%	-0.72%	-7.80%
Corporate bonds of foreign emitters	146.37	2.20%	137.92	2.07%	-5.77%	-16.79%
PPN	38.37	0.58%	31.64	0.47%	-17.55%	-40.82%
Shares and depository receipts of RK emitters	126.97	1.91%	127.46	1.91%	0.38%	12.71%
Shares and depository receipts of foreign emitters	18.05	0.27%	18.33	0.27%	1.50%	35.20%
Deposits	418.23	6.30%	399.91	5.99%	-4.38%	9.89%
REPO	51.43	0.77%	-	0.000%	-100.00%	-100.00%
Cash on investment accounts (less liabilities under financial instruments transactions)	110.73	1.67%	151.84	2.27%	37.13%	98.95%
Other assets (accounts receivable ² , past-due debt, provisions)	9.66	0.15%	16.18	0.24%	67.57%	15.37%
Total PA under fiduciary management of NBRK	6 641.18	100.00%	6 680.14	100.00%	0.59%	14.55%
Cash on contribution and benefit payment accounts as well as cash for FX transactions settlement	2.57		9.52			
PA Total	6 643.75		6 689.66		0.69%	14.65%

Average yield to maturity of the Fund’s PA allocated on its members’ accounts (pension unit - PU) within 01.01.2016 – 31.12.2016 was 7.95%. Growth rate of the pension unit in December 2016 was (-0.18%).

Table 2. Share distribution of UAPF PA under fiduciary management of NB RK

Instrument type	Share on 01.01.2017.
Debt financial instruments	95.31%
Share financial instruments	2.18%
Cash	2.27%
Other assets (receivables, past due debts, provisions)	0.24%
PA Total under management of NBRK:	100.00%

Average yield to maturity of debt financial instruments in the Fund’s PA investment portfolio as of 01.01.2017 came to 8.76% per annum.

¹ less cash on contribution and benefit payment accounts as well as cash for FX transactions settlement.

² accounts receivable include amounts to receive on interest and/or principle debt on coupon date, but not maturity date in accordance with prospectus of share issue.

Government securities of the Republic of Kazakhstan

Government securities of RK take main share of UAPF PA portfolio. In the report month their amount was increased by KZT 28.58 bln and came to KZT 2 910.82 bln. They took 43.57% of the portfolio.

Within the report month there was purchase of the short-term discount notes of NBRK in amount of KZT 936.76 bln with average YTM 11.9% per annum.

There was repayment of discount notes of NBRK in amount of KZT 883.42 bln.

Average yield to maturity of the Government securities of RK in UAPF PA portfolio came to 8.1%.

Foreign government securities

Amount of foreign government securities increased by KZT 3.78 bln and came to KZT 365.01 bln. Their share in the portfolio came to 5.46%.

There were short term bonds of US Treasury purchased in amount of KZT 217.87 bln with average YTM of 0.41% per annum.

US Treasury bonds were redeemed in amount of KZT 206.34 bln. No sales took place within report period.

Within the report period average yield to maturity of foreign government securities in the PA portfolio came to 2.2% per annum.

IFO Bonds

Amount of IFO bonds was increased by KZT 0.39 bln and came to KZT 86.63 bln. Their share came to 1.30% of portfolio.

In the report month there were no transactions with the IFO bonds

Average yield to maturity of the IFO bonds in UAPF PA portfolio came to 7.3% per annum.

Deposits in the second tier banks of the Republic of Kazakhstan

In the period amount of STB deposits decreased by KZT 18.32bln and came to KZT 399.91 bln. Their share came to 5.99%.

Within the report period there was redemption of principal debt in amount of KZT 15.74 bln.

No new allocations of STB deposits took place in the report period.

Average yield to maturity of STB deposits in PA portfolio was 10.8% per annum.

Corporate bonds of RK emitters

In the report month amount of corporate bonds of RK emitters decreased by KZT 3.92 bln and came to KZT 84.03 bln. Their share came to 1.26%.

Within the report period there were sale of corporate bonds of RK in amount of KZT 908.5 mln and redemption of RK corporate bonds in amount of KZT 2.99 bln.

Decrease of RK corporate bonds amount was in result of annual correction of financial instruments fair value made by independent appraiser.

No other transactions took place in the period.

Average yield to maturity of corporate bonds of RK emitters came to 12.0%.

Bonds of quasi-public organizations of RK

Amount of bonds of quasi-public organizations increased by KZT 57.17 bln and came to 900.17 bln. Their share in the portfolio took 13.48%.

In the report period there were bonds of quasi-public organizations purchased in amount of KZT 68.40 bln with average YTM 14.5% per annum. Also there was redemption of bonds of quasi-public organizations nominated in USD in amount of KZT 6.71 bln.

No other transactions took place in the report period.

Average YTM of these securities in the UAPF PA portfolio was 10.3% per annum.

Bonds of STB RK

Within the report month amount of STB bonds decreased by KZT 10.51 bln and came to KZT 1 450.20 bln. Their share took 21.71%.

Within the period there was redemption of principal debt of STB bonds nominated in KZ Tenge in amount of KZT 2.60 bln.

No other transactions took place in the period.

Average YTM of STB bonds was 9.8% per annum.

Foreign corporate bonds

In the report period amount of foreign corporate bonds decreased by KZT 8.45 bln and came to KZT 137.92 bln. The share came to 2.07%.

There were foreign corporate bonds (nominated in USD) sold in amount of KZT 3.41 bln.

Neither purchases nor redemptions of foreign corporate bonds took place in the PA portfolio of UAPF.

Average yield to maturity of corporate bonds emitters in PA portfolio was 8.4% per annum.

PPN

PPN (structured notes) amount in the report period came to KZT 31.64 bln with share in portfolio of 0.47%.

There were PPN (nominated in RUR) redeemed in amount of KZT 6.95 bln. No other transactions with foreign PPN took place in the report period.

Shares and depository receipts of RK emitters

In the report period amount of shares and depository receipts of RK emitters increased by KZT 0.49 bln and amounted to KZT 127.46 bln. The share came to 1.91% of the portfolio.

In the report period there were neither sales nor purchase of shares of RK emitters.

Foreign shares and depository receipts

In the report period amount of foreign shares and depository receipts came to KZT 18.33 bln. Their share in portfolio came to 0.27%.

There were neither sales nor purchases of these instruments in the period.

Table 3. Structure of UAPF PA portfolio under fiduciary management of NB RK by currency types

Currency	Current value in bln KZT on 01.12.2016, KZT bln	Share on 01.12.2016	Current value in bln KZT on 01.01.2017, KZT bln	Share on 01.01.2017	Growth / loss in the last month	Growth / loss from the beginning of year %
National currency	5 109.09	76.93%	5 142.38	76.98%	0.65%	6.23%
US Dollars	1 487.01	22.39%	1 492.44	22.34%	0.37%	56.95%
Russian Rubles	33.82	0.51%	35.12	0.53%	3.84%	19.84%
Malaysian Ringgits	4.61	0.07%	4.50	0.07%	-2.44%	-6.66%
Brazilian Reals	2.90	0.05%	3.02	0.04%	4.12%	7.51%
UK Pounds	2.83	0.04%	2.68	0.04%	-5.13%	75.16%
Euro	0.92	0.01%	0.0002	0.00%	-99.82%	-99.88%
Total	6 641.18	100.00%	6 680.14	100.00%	0.59%	14.55%

Investment results

Table 4. Structure of investment income / loss:

Description	Within December' 16, KZT bln	From the beginning of 2016, KZT bln	Structure from the beginning of the year
of securities, allocated deposits and REPO interest	26.16	554.57	104.44%
of securities revaluation	-2.04	-3.08	-0.58%
of FX rate change	-33.11	-20.49	-3.86%
Total	-8.99	531.00	100.00%

Compliance with investment declaration parameters

Structure distribution of UAPF PA in the trust management complies with requirements of the UAPF Investment declaration. Shares of foreign currencies positions are within permitted levels and do not violate requirements of the UAPF Investment declaration.

Table 5. List and limits of investment objects as of 01.01.2017.

No.	Financial instruments	Actual value (in % of pension assets)	Requirement performance (yes / no)
1	Foreign emitters:	9.57%	yes
1.1	Government, Agents and IFO securities:	6.76%	yes
1)	with rating of no less than BBB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies	4.55%	yes
2)	with rating from BB+ to BB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	2.21%	yes
1.2	Corporate debt securities:	2.06%	yes
1)	with securities and/or emitter's rating of no less than BBB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	0.12%	yes
2)	with securities and/or emitter's rating from BB+ to BB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	1.94%	yes
1.3	MBS and ABS with securities and/or emitter's rating of no less than BBB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	0.00%	yes
1.4	Shares, deposit receipts on shares	0.27%	yes
1.5	Deposits in the foreign banks with rating of no less than "A-" on international scale of Standard & Poor's or rating of same level of one of the other rating agencies	0.00%	yes
1.6	Structured products of emitters with rating of no less than BBB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies	0.47%	yes
1.7	Islamic Financing Instruments:	0.00%	yes
1)	with securities and/or emitter's rating of no less than BBB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	0.00%	yes
2)	with securities and/or emitter's rating from BB+ to BB- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies.	0.00%	yes
2	Kazakhstani Emitters:	86.72%	yes

2.1	Government Securities of the Republic of Kazakhstan	43.57%	yes
			yes
2.2	Securities of the quasi-public sector	14.38%	yes
2.3	Financial instruments of Kazakhstani second tier banks	28.48%	yes
2.4	Non-Government securities except for debt securities of the quasi-public sector and second tier banks of the Republic of Kazakhstan, with securities and/or emitter's rating of no less than B- on international scale of Standard & Poor's or rating of same level of one of the other rating agencies	0.10%	yes
2.5	Non-Government securities except for share securities of the quasi-public sector and second tier banks of the Republic of Kazakhstan included into the first category of the KASE official list	0.18%	yes
2.6	Islamic Financing Instruments included into the official list of KASE	0.07%	yes

Table 6. Investment limits on certain types of financial limits

No.	Financial instrument	Actual (in percent of pension assets)	Performance (yes/no)
1	Standard derivatives	0.00%	yes
1)	If the derivatives are used for investment risk hedging	0.00%	yes
2	Gold in bars and AU metallic accounts	0.00%	yes