

UAPF JSC

STRUCTURE OF PENSION ASSETS INVESTMENT PORTFOLIO

As of August 01, 2017 UAPF JSC pension assets (further – PA) under fiduciary management of the National Bank of RK amounted to KZT 7 276.63 bln¹

Structure of UAPF pension assets investment portfolio is in Table 1.

Table 1. Structure of UAPF PA investment portfolio under fiduciary management of the National Bank of RK by financial instruments

<i>KZT bln</i>					
Description	Current value 01.01.2017	Share 01.01.2017.	Current value 01.08.2017.	Share 01.08.2017.	Growth/loss from the beginning of the year. %
Government securities of RK	2 910.82	43.57%	3 112.85	42.78%	6.94%
Foreign government securities	365.01	5.46%	747.57	10.27%	104.81%
IFO	86.63	1.30%	80.94	1.11%	-6.57%
Corporate bonds of RK emitters	84.03	1.26%	61.57	0.85%	-26.73%
Bonds of quasi public organizations of RK	900.17	13.48%	815.75	11.21%	-9.38%
Bonds of STB RK	1 450.20	21.71%	1 358.57	18.67%	-6.32%
Corporate bonds of foreign emitters	137.92	2.07%	131.50	1.81%	-4.65%
PPN	31.64	0.47%	30.19	0.41%	-4.57%
Shares and depository receipts of RK emitters	127.46	1.91%	158.66	2.18%	24.49%
Shares and depository receipts of foreign emitters	18.33	0.27%	19.40	0.27%	5.86%
Deposits	399.91	5.99%	336.52	4.62%	-15.85%
Deposits in foreign banks	-	-	394.49	5.42%	-
REPO	-	-	5.00	0.07%	-
Cash on investment accounts (less liabilities under financial instruments transactions)	151.84	2.27%	10.03	0.14%	-93.39%
Other assets (accounts receivable ² , past-due debt. provisions)	16.18	0.24%	13.56	0.19%	-16.18%
Total PA under fiduciary management of NBRK	6 680.14	100.00%	7 276.63	100.00%	8.93%
Cash on contribution and benefit payment accounts	9.52		1.48		
PA Total	6 689.66		7 278.11		8.80%

Average YTM of debt instruments in the Fund's PA investment portfolio as of August 01, 2017 was 7.5%.

Government securities of the Republic of Kazakhstan

Government securities of RK take main share of UAPF PA portfolio. In the report month their current value was increased by KZT 84.11 bln and came to KZT 3 112.85 bln. They took 42.78% of the portfolio.

Within the report month there was purchase of the short-term discount notes of NBRK in amount of KZT 1 819.22 bln with average YTM 9.8% per annum, as well as bonds of the RK Ministry of Finance in amount of KZT 9.00 bln with average YTM 9.1% per annum.

There was repayment of discount notes of NBRK in amount of KZT 1 737.63 bln.

Average yield to maturity of the Government securities of RK in UAPF PA portfolio came to 7.6% per annum.

¹ less cash on contribution and benefit payment accounts.

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.

Foreign government securities

Current value of FGS within the month increased by KZT 321.43 bln upto KZT 747.57 bln. Their share came to 10.27%.

Within the period short term US Treasury bonds were purchased in amount of KZT 314.02 bln on their nominal value with average YTM 1.0%.

There were no other transactions with foreign government securities in the period.

Within the report period average yield to maturity of foreign government securities in the PA portfolio came to 1.9% per annum.

IFO bonds

In July 2017 current value of IFO bonds increased by KZT 0.55 bln upto KZT 80.94 bln. The share of IFO bonds came to 1.11%.

There were no transactions in the period.

Average yield to maturity of the IFO bonds in UAPF PA portfolio came to 7.2% per annum.

Deposits in second tier banks (STB) of RK

As of August 01, 2017 amount of STB deposits in the report period increased by KZT 2.25 bln and came to KZT 336.52 bln. Share of deposits came to 4.62%.

Within the reporting period there were no STB deposits allocations and redemptions

Average yield to maturity of STB deposits in PA portfolio was 10.7% per annum.

Deposits in foreign banks

As of August 01, 2017 current value of deposits in foreign banks came to KZT 349.49 bln increasing by KZT 119.93 bln. Their share was 5.42%.

Average yield to maturity of STB deposits in PA portfolio was 1.3% per annum.

RK corporate bonds

Current value of RK corporate bonds amounted to KZT 61.57 bln decreasing by KZT 11.76 bln. Their share came to 0.85%.

Within the report period RK corporate bonds were repaid on their nominal value in amount of KZT 6.5 bln.

No other transactions took place in the period.

Average yield to maturity of corporate bonds of RK emitters came to 14.5%.

Bonds of quasi-public organizations of RK

Amount of bonds of quasi-public organizations increased by KZT 7.62 bln and came to 815.75 bln. Their share in the portfolio took 11.21%.

In the report period there were no transactions with these instruments.

Average YTM of these securities in the UAPF PA portfolio was 9.5% per annum.

Bonds of STB RK

Within the report month current value of STB bonds decreased by KZT 7.27 bln and came to KZT 1 358.57 bln. Their share took 18.67%.

In July 2017 there was principal redemption of KZT nominated RK STB bonds in amount of KZT 1.25 bln.

Within the period there were RK STB bonds sold in amount of KZT 10.03 bln with average YTM 6.00% per annum.

No purchase transactions with bonds of RK STB 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 increased by KZT 3.16 bln and came to KZT 131.50 bln. The share came to 1.81%.

There were no transactions with foreign corporate bonds in the PA portfolio of UAPF in the period.

Average yield to maturity of corporate bonds emitters in PA portfolio was 9.1% per annum.

PPN

PPN (structured notes) amount in the report period came to KZT 30.19 bln decreasing by KZT 0.09 bln with share in portfolio of 0.41%.

No 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 13.84 bln and amounted to KZT 158.66 bln. The share came to 2.18% of the portfolio.

In the report period there were no transactions with RK emitters' shares.

Foreign shares and depository receipts

In the report period amount of foreign shares and depository receipts increased by KZT 2.423 bln and came to KZT 19.40 bln. Their share in portfolio came to 0.74%.

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

UAPF pension assets investment portfolio by currencies is in Table 2.

Table 2. Structure of UAPF pension assets investment portfolio under fiduciary management of NBRK by currencies

Currency	Current value as of 01.01.2017	Share on 01.01.2017	Current value as of 01.08.2017	Share on 01.08.2017	Growth/loss from the beginning of the year, %
National Currency	5 142.38	76.98%	5 197.25	71.42%	1.07%
US dollars	1 492.44	22.34%	2 033.05	27.94%	36.22%
Russian Rubles	35.12	0.53%	34.32	0.47%	-2.26%
Other currencies	10.20	0.15%	12.01	0.17%	17.76%
Total:	6 680.14	100.00%	7 276.63	100.00%	8.93%

Investment results

Investment return of seven months of 2017 amounted to KZT 316.3 bln in result of pension assets investment under fiduciary management by NBRK as well as due to FX volatility and change of market value of UAPF pension assets portfolio's instruments. So return of UAPF pension assets distributed on members' accounts from 01.01.2017 to 31.07.2017 was 4.33%.

Structure of investment income is in Table 3.

Table 3. Structure of investment return on UAPF PA under fiduciary management of NBRK

Description	Investment return from the beginning of 2017
Income as remuneration on securities including deposits and Reverse REPO	300.05
Income (loss) of market revaluation	16.84
Income (loss) of FX revaluation	-2.36
Other income (loss)	1.77
Total:	316.3

Compliance with investment declaration parameters

Structure distribution of UAPF PA under fiduciary management complies with requirements of the UAPF Investment Declaration³. As presented in Table 4 shares of foreign currencies positions are within permitted levels and do not violate requirements of the UAPF Investment Declaration as of 01.07.2017.

³ UAPF Investment Declaration was approved by the resolution of the Board of the National Bank of the Republic of Kazakhstan dated March 17, 2016 No 86

Table 4. UAPF PA Investment limits

No	Financial instrument	Actual value (in % of pension assets)	Requirement performance (yes / no)
1	Foreign emitters:	18.34%	yes
1.1	Government, Agents and IFO securities:	11.39%	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	9.22%	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.	2.16%	yes
1.2	Corporate debt securities:	0.85%	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.	0.09%	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.	0.76%	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	5.42%	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	0.41%	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:	79.50%	yes
2.1	RK Government securities	42.78%	yes
2.2	Securities of the quasi-public sector	12.17%	yes
2.3	Financial instruments of Kazakhstani second tier banks	24.26%	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	0.08%	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	0.20%	yes
2.6	Islamic financing instruments included into the KASE official list	0.06%	yes

Table 5. UAPF PA 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

Information on transactions with financial instruments in UAPF JSC investment portfolio**Table 6. Information on financial instruments purchased within the reporting month**

Date of transaction	Date of redemption	Instrument	Issuer	ISIN	Nominal currency	KZT nominal value	Foreign currency nominal value
01.07.2017	10.07.2017	NOTES	NBRK	KZW1KD099771	KZT	97 500 000 000	
03.07.2017	10.07.2017	NOTES	NBRK	KZW1KD079781	KZT	46 189 526 700	
05.07.2017	12.07.2017	NOTES	NBRK	KZW1KD079807	KZT	66 324 407 700	
10.07.2017	17.07.2017	NOTES	NBRK	KZW1KD079823	KZT	286 120 113 800	
10.07.2017	14.12.2017	GS (FOREIGN) DISCOUNT	US Government	US912796MG10	USD	65 288 000 000	200 000 000
11.07.2017	18.07.2017	NOTES	NBRK	KZW1KD079835	KZT	96 148 289 300	
12.07.2017	19.07.2017	NOTES	NBRK	KZW1KD079856	KZT	65 025 669 900	
14.07.2017	04.01.2018	GS (FOREIGN) DISCOUNT	US Government	US912796LC15	USD	71 878 400 000	220 000 000
14.07.2017	11.01.2018	GS (FOREIGN) DISCOUNT	US Government	US912796ML05	USD	73 185 280 000	224 000 000
17.07.2017	24.07.2017	NOTES	NBRK	KZW1KD079880	KZT	275 755 142 900	
17.07.2017	03.04.2021	MEOKAM 48	RK MinFin	KZK2KY040501	KZT	9 000 000 000	
18.07.2017	25.07.2017	NOTES	NBRK	KZW1KD079898	KZT	117 600 000 000	
19.07.2017	26.07.2017	NOTES	NBRK	KZW1KD079906	KZT	65 793 915 100	
24.07.2017	31.07.2017	NOTES	NBRK	KZW1KD079963	KZT	279 936 994 700	
25.07.2017	01.08.2017	NOTES	NBRK	KZW1KD079971	KZT	142 284 118 900	
26.07.2017	02.08.2017	NOTES	NBRK	KZW1KD079989	KZT	80 542 888 700	
31.07.2017	07.08.2017	NOTES	NBRK	KZW1KD070038	KZT	199 994 375 200	
31.07.2017	16.11.2017	GS (FOREIGN) DISCOUNT	US Government	US912796MC06	USD	51 835 060 000	158 000 000
31.07.2017	09.11.2017	GS (FOREIGN) DISCOUNT	US Government	US912796KX60	USD	51 835 060 000	158 000 000
Total						2 142 237 242 900	960 000 000

Table 7. Information on financial instruments sale within reporting period

Date of transaction	Date of redemption	Instrument	Issuer	ISIN	Nominal currency	KZT amount of transaction	Foreign currency amount of transaction
19.07.2017	06.11.2017	EuroBond	Eurasian Bank JSC	XS1129581937	USD	3 319 465 795	10 181 786
20.07.2017	06.11.2017	EuroBond	Eurasian Bank JSC	XS1129581937	USD	2 848 234 126	8 748 723
25.07.2017	06.11.2017	EuroBond	Eurasian Bank JSC	XS1129581937	USD	3 741 217 647	11 442 082
26.07.2017	06.11.2017	EuroBond	Eurasian Bank JSC	XS1129581937	USD	12 974 828	39 720
28.07.2017	06.11.2017	EuroBond	Eurasian Bank JSC	XS1129581937	USD	38 903 496	119 066
31.07.2017	06.11.2017	EuroBond	Eurasian Bank JSC	XS1129581937	USD	66 133 388	201 583
Total						10 026 929 280	30 732 959

Table 8. Information on bank deposit allocations within reporting period

Date of transaction	Date of redemption	Emitter	Currency	KZT amount of transaction	Foreign currency amount of transaction
03.07.2017	11.09.2017	CREDIT AGRICOLE CIB HONGKONG BRANCH	USD	38 452 800 000	120 000 000
10.07.2017	05.09.2017	MIZUHO CORPORATE BANK. LTD. LONDON BRANCH	USD	52 230 400 000	160 000 000
10.07.2017	10.10.2017	BANK OF TOKYO-MITSUBISHI. LTD., THE(LONDON BRANCH)	USD	52 230 400 000	160 000 000
31.07.2017	29.10.2017	MIZUHO CORPORATE BANK. LTD. LONDON BRANCH	USD	52 491 200 000	160 000 000
31.07.2017	31.10.2017	ING BANK N.V.	USD	78 736 800 000	240 000 000
Total				274 141 600 000	840 000 000

Table 9. Information on principal redemptions within reporting period

ISIN	Instrument	Emitter	Actual redemption date	Maturity value KZT	Maturity value Foreign currency	Nominal currency
KZW1KD079963	NOTES NBRK	National Bank of RK	31.07.2017	279 936 994 700		KZT
KZW1KD079906	NOTES NBRK	National Bank of RK	26.07.2017	65 793 915 100		KZT
KZW1KD079898	NOTES NBRK	National Bank of RK	25.07.2017	117 600 000 000		KZT
KZ2C0Y10C606	Облигации	PAVLODARENERGO JSC	24.07.2017	6 470 120 000		KZT
KZW1KD079880	NOTES NBRK	National Bank of RK	24.07.2017	275 755 142 900		KZT
KZW1KD079856	NOTES NBRK	National Bank of RK	19.07.2017	65 025 669 900		KZT
KZW1KD079835	NOTES NBRK	National Bank of RK	18.07.2017	96 148 289 300		KZT
KZW1KD079823	NOTES NBRK	National Bank of RK	17.07.2017	286 120 113 800		KZT
KZW1KD079807	NOTES NBRK	National Bank of RK	12.07.2017	66 324 407 700		KZT
KZW1KD119744	NOTES NBRK	National Bank of RK	10.07.2017	89 400 000 000		KZT
KZW1KD099771	NOTES NBRK	National Bank of RK	10.07.2017	97 500 000 000		KZT
KZW1KD109752	NOTES NBRK	National Bank of RK	10.07.2017	143 900 000 000		KZT
KZW1KD079781	NOTES NBRK	National Bank of RK	10.07.2017	46 189 526 700		KZT
KZ2C0Y05E271	Bonds	ATF Bank JSC	10.07.2017	1 250 000 000		KZT
KZW1KD079724	NOTES NBRK	National Bank of RK	05.07.2017	63 437 687 300		KZT
KZW1KD079708	NOTES NBRK	National Bank of RK	03.07.2017	44 500 000 000		KZT
Total				1 745 351 867 400		

Table 10. Information on deposit principal redemption within reporting period

Payment date	Closing date	Emitter	Maturity value KZT	Maturity value Foreign currency	Nominal currency
03.07.2017	03.07.2017	CREDIT AGRICOLE CIB HONGKONG BRANCH	33 325 760 000	104 000 000	USD
26.07.2017	26.07.2017	MIZUHO CORPORATE BANK. LTD. LONDON BRANCH	53 898 900 000	165 000 000	USD
28.07.2017	28.07.2017	ING BANK N.V.	71 882 800 000	220 000 000	USD
Total			159 107 460 000	489 000 000	