

## ANNOUNCEMENT

### **What are the reasons for changes in the amount of investment income?**

Pension savings include not only the amount of contributions, but also the accumulated investment income. Pension asset managers (the National Bank of the Republic of Kazakhstan (NBRK) and investment portfolio managers (IPM)) place pension assets in Kazakhstan and abroad in various financial instruments in various sectors of the economy, in different currencies, in order to obtain investment income. Such diversification ensures the safety and stable return on pension savings. Investment income consists of income in the form of interest on securities (deposits and other transactions), market and currency revaluation of financial instruments, assets under external management, etc.

Since the amount of investment income may fluctuate (increase or decrease) in certain periods, the amount of pension savings in pension accounts may change every week depending on the results of investment activities.

There are several factors that influence the amount of investment income:

- **Financial Markets: Prices of stocks, bonds and other instruments may fluctuate, which affects the amount of investment income.** Due to the market revaluation of individual instruments during the year, we can observe changes in the value of securities. Consequently, the income from market revaluation can also be both positive and negative in a particular period. The value of securities is affected by many external factors, such as the growth of geopolitical risks, changes in international trade and the redistribution of financial flows, the situation and changes in activity in capital markets, macroeconomic indicators.
- **Exchange rates: If investments involve foreign currency, changes in exchange rates will affect the amount of investment income.** As noted, pension savings are invested in financial instruments in different currencies. As of January 1, 2025, 40.21% of pension assets under the management of the NBRK were invested in foreign currency, most of which were in US dollars. Fluctuations in investment income may be associated with increased volatility in the markets, including the foreign exchange market. For example, in the period from the end of November 2024 to January 2025, the exchange rate of the tenge against the US dollar changed in a fairly wide range from 499 tenge to 530 tenge. As a result, positive or negative currency revaluation of pension assets is formed weekly, due to which contributors observe changes in investment income on their individual pension accounts.

It is important to note **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, since they depend on**

**constant current changes in the market situation.** From the analysis of the structure of investment income received on pension assets of the UAPF, which are in trust management of the National Bank of Kazakhstan, based **on the results of 2024**, it follows that income in the form of interest on securities, including on placed deposits and reverse repo operations amounted to 1,570.92 billion tenge, from market revaluation of securities - 200.58 billion tenge, from revaluation of foreign currency - 578.42 billion tenge, for assets under external management - 1,039.72 billion tenge. Other income amounted to 5.88 billion tenge. Thus, **the yield for the year was achieved for all types of instruments.**

Let us recall that, based on the results of 2024, the investment income received as a result of investing pension assets under the trust management of the NBRK amounted to about **3.4 trillion tenge**, which exceeds the total amount of pension contributions, which is about **2.8 trillion tenge**. Investment income for the year exceeded last year's figure by 114.5% (in 2023, it was 1.6 trillion tenge). UAPF pension asset managers: NBRK and IPM demonstrated returns significantly higher than both last year and the inflation rate in 2024 (8.6%), indicating effective asset management and the ability to adapt to economic conditions. At the same time, the return on pension assets of the UAPF under the management of the National Bank of Kazakhstan, formed from compulsory pension contributions, compulsory occupational pension contributions, and voluntary pension contributions, amounted to 17.84% in 2024. The return on pension assets of the Unified Accumulative Pension Fund, formed through mandatory pension contributions of the employer, at the end of the year is 17.96%.

From year to year, there is an increase in pension savings and the share of investment income in it. Thus, as of 01.01.2025, the share of accumulated net investment income in pension savings, taking into account payments made, is 42.0%.

The accumulated investment return since the foundation of the funded pension system in 1998 as of January 1, 2025, with a cumulative total, amounted to 979.95% with inflation for the entire period of 827.78%.

The entire system of investment management and accounting of pension assets is transparent: each investor has the opportunity to see their investment income in their personal account on the [enpf.kz](http://enpf.kz) website or in the mobile application 24/7.

Detailed information on which financial instruments pension assets are invested in by trust managers, including the market value of these instruments, is updated monthly on the [enpf.kz](http://enpf.kz) website in the "Indicators" - "Investment activities" 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](http://www.enpf.kz))*