

ANNOUNCEMENT

The return on pension assets for the last 12 months exceeds inflation

As of April 1, 2025, the return on pension assets managed by the National Bank of the Republic of Kazakhstan (NBRK), formed through mandatory, mandatory professional and voluntary contributions, for the last 12 months, distributed to the accounts of contributors (beneficiaries), was 11.99%, while the return on assets from employer's mandatory pension contributions was 7.37%, with inflation at 10.00%.

The investment income trend over the last 3 years shows steady growth with the return on pension assets exceeding the inflation rate.

As is well known, the amount of investment income varies depending on the situation in the financial and currency markets. Several factors influence the level of investment income:

- Financial market conditions: prices of stocks, bonds, and other instruments can fluctuate, which affects the level of investment income. As a result of market revaluation of individual instruments during the year, the securities' value changes are observed. Therefore, income from market revaluation can be either positive or negative in any given period. The value of securities is influenced by many external factors, such as an increase in geopolitical risks, changes in international trade, redistribution of financial flows, market conditions and changes in capital market activity, as well as macroeconomic indicators.

- Exchange rates: if investments are denominated in foreign currency, changes in exchange rates affect the amount of investment income. Fluctuations in investment income can be associated with increased volatility in the markets, including the foreign exchange market. As a result, either a positive or negative foreign exchange revaluation of pension assets occurs, leading to changes in investment income observed by contributors on their individual pension accounts.

It is important to note that pension savings are long-term investments intended primarily to provide benefits after the end of employment. The pension assets of the fund have a long investment horizon and the main goal of investing is to achieve real returns over the long term. Therefore, to objectively assess the results of managing these assets, data for at least 1 year should be analyzed. This period allows for an evaluation of investment effectiveness in a long-term perspective. Short-term data (weekly, monthly, etc.) is not representative, as it depends on constant short-term changes in market conditions. Diversification of the investment portfolio, where income from some instruments offsets temporary losses from others, ensures the preservation and stable return of pension savings in the long term.

Thus, in the medium and long term, a positive real return on pension savings, which exceeds accumulated inflation is ensured. Since the foundation of the fully funded pension system in 1998, as of April 1, 2025, on an accrual basis the accumulated return amounted to 958.64% with inflation for the whole period of 863.96%.

The net investment income accumulated since 2014 (after the consolidation of pension assets in the UAPF) as of April 1, 2025, amounted to 11.38 trillion tenge. Taking into account the payments made, the share of accumulated net investment income in the total amount of pension savings of Kazakhstanis as of April 1, 2025, is 39.6%, which demonstrates the significant role of investment activities in the structure of savings of citizens.

It should be reminded that in Kazakhstan there is a unique guarantee of safety of mandatory pension contributions taking into account the inflation rate. In cases of decrease in profitability in a particular period, which affected the accumulated profitability of the contributor at the onset of the right to payments, there is a guaranteed compensation for the difference by the state.

The whole system of investment management and accounting of pension assets is transparent: each contributor has the opportunity to see his investment income in his personal cabinet on the website www.enpf.kz or in the mobile application.

Information on investment management of the pension assets of the UAPF and its financial instruments in which the pension assets of the UAPF are placed is published on the official website of the UAPF (www.enpf.kz) in the section "Statistics and analytics/Investment management of pension assets".

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 mandatory pension contributions, employer's mandatory pension contributions, mandatory professional 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).