



NATIONAL BANK OF KAZAKHSTAN

PRESS RELEASE

On the transfer of a part of Kazakhstan Deposit Insurance Fund assets into investment management by private asset management companies

Almaty

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The National Bank of Kazakhstan (NBK) informs about the start of the process of transferring the assets of the Kazakhstan Deposit Insurance Fund JSC (KDIF) to investment management by private asset management companies. The transfer of funds is carried out according to the NBK strategy to develop the securities market and gradually move away from asset management of its subsidiaries.

The signing ceremony of the relevant agreement with representatives of a number of asset management companies took place in Almaty.

At a press conference following the signing of the agreement, Chairman of the KDIF Adil Utembayev spoke about the measures being taken to ensure the safety of the transferred assets.

“We have assessed the risks and developed an investment policy for private companies. According to this policy, investments will be made only into reliable financial instruments, such as government securities of the Republic of Kazakhstan, bonds of quasi-public entities, and international financial organizations with a maturity of up to three years, as well as reverse repo operations. We expect that this program will increase the profitability of assets. It should be noted that the main task of the Fund is to safeguard the special reserve assets and to maintain high liquidity,” he said.

According to the KDIF Chairman, the asset managers’ goal is to outperform the benchmark portfolio performance indicator. In the event of risks, the contract provides the KDIF with the option of unilateral termination. When transferring assets to private managers, risks will also be minimized by the additional oversight by custodians, who will ensure the accounting and safekeeping of the assets, as well as monitoring of the private managers’ compliance with the investment policy requirements.

In turn, Nurzhan Tursunkhanov, Director of the NBK Monetary Operations Department, noted that at the initiative of the NBK, a government securities index was developed and launched on the Kazakhstan Stock Exchange website for the purposes of index asset management in regard to KDIF assets.

“We have done significant work together with the KDIF and the Kazakhstan Stock Exchange, and today, without exaggeration, we are on the doorstep of historic change. For the first time in Kazakhstan, the assets of a major institutional investor, the KDIF, will be managed using an index approach widely employed in international practice, but based specifically on a local benchmark implemented on the Kazakhstan Stock Exchange platform. The transfer of assets will provide a significant boost to the domestic securities market, contribute to the development of the private management companies market by increasing the volume of assets under management, and improve efficiency of managing the transferred assets through increased competition among managers,” said Nurzhan Tursunkhanov.

As of today, the volume of the KDIF special reserve assets amounts to 1.2 trillion tenge. At the initial stage, 200 billion tenge will be transferred. Further transfers of assets will be carried out gradually based on the performance indicators of the private management companies.

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