



PRIVATE
EQUITY
MARKET IN
KAZAKHSTAN
2022

Annotation

The present study was carried out at the initiative and with the support of Qazaqstan Investment Corporation.

The purpose of the study is to analyze the current situation in Kazakhstan's private equity market, identify key market participants and factors influencing market development, and review the experience of foreign markets and successful cases.

The market for private equity transactions, both in Kazakhstan and globally, is fairly closed in terms of access to information. At the same time, in more developed markets there are separate structures, usually functioning in the form of associations, which monitor, consolidate information on the market and determine the methodology. Such work is not carried out in Kazakhstan, so with limited access to information, we were forced to use various data sources, consolidating them for the purpose of further monitoring and updating.

For the purposes of the study, we used various sources, such as S&P Capital IQ (data from Preqin integrated database), public information on the websites of management companies and Family offices, as well as other public sources. Not all sources were reliable, so to supplement the available reliable information and test hypotheses we conducted a survey of private equity market participants, a survey of Kazakhstani businesses, as well as interviews with market professionals, representatives of Kazakhstani and foreign PEFs and family offices, and representatives of AIFC.



Ainur Kuatova

Chairman of the Management Board, Qazaqstan Investment Corporation



Dear Partners, Investors and Colleagues,

It is with great pleasure that I welcome you to the pages of this report, which provides an overview of the changes in the private equity market in Kazakhstan over the past 10 years. Over the past few years, we have witnessed Kazakhstan's private equity market's growth and transformation.

"Qazaqstan Investment Corporation (QIC) is the driving force behind the development of the private equity infrastructure in Kazakhstan. Today, we see our main objectives as attracting foreign investors to Kazakhstan and conducting extensive work to increase market transparency to raise awareness among potential investors.

The lack of available detailed data on completed transactions, structuring details, valuation methodology and performance indicators is a significant obstacle to the development of the market.

Given the increasing importance of Central Asian cooperation, and in order to build investor confidence and attract a diverse range of participants, we have decided to analyse the state of the private equity markets in the countries of the region and some neighbouring markets on the basis of publicly available data.

In preparing this report, we have carried out extensive data collection and analysis. Interviews were conducted with various market participants such as private equity funds, family offices, institutional investors and private equity firms, offices, institutional investors and members of the country's business community. As a result of this research, we are able to provide quantitative and qualitative data that reflects the dynamics and prospects of the private equity market to the best of our ability, while respecting the confidentiality of the data.

I can confidently say that QIC will continue to make every effort to develop the private equity market in Kazakhstan, including increasing the efficiency of investment projects implemented in the sphere of private equity.

We hope that this analysis will become a valuable source of information for domestic and foreign investors, providing insight into the dynamic landscape of the industry and offering strategic perspectives for navigating this dynamic ecosystem.

We would like to thank everyone who contributed to this report, especially the Baker Tilly Qazaqstan Advisory team and the market participants who are actively shaping the private equity landscape in Kazakhstan.



Ramina Nazyrova

Partner, Baker Tilly Qazaqstan Advisory



Dear Colleagues!

We would like to bring to your attention an analysis of the private equity market in Kazakhstan, prepared on the initiative of Qazaqstan Investment Corporation.

The private equity market in Kazakhstan is characterised by secrecy, a significant number of transactions are not visible to analysts, and fragments of data entering analytical systems do not reliably reflect the situation on the market as a whole.

We have endeavoured to combine data from analytical systems, public sources and the results of interviews and questionnaires with market participants in order to obtain as reliable a picture as possible under the current conditions.

We would like to express our gratitude to all market participants and experts who helped us to carry out this research, shared their vision of the current market situation and their opinion on its prospects, and, of course, special thanks to QIC for the opportunity to participate in this fundamental project.

The macroeconomic and geopolitical changes of recent years have had a significant impact on the distribution of private equity around the world. For Kazakhstani companies, this has meant increased competition and risk, but also new opportunities for growth.

Looking ahead, savvy buyers and sellers will continue to use the tools of the private equity market to create value, even in adverse conditions. As we describe in our report below, a downturn can be a good time to find deals.

We hope you find this research useful in growing your business.

Acknowledgements

We would like to express our gratitude for the contribution made to this research (participation in interviews and the provision of additional information) by the management of international investment funds, quasi-public sector representatives, local industry experts and investors, and the management and owners of domestic entities:

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- Talgat Kantayev (Investbanq Pte. Ltd.)
- and others.



Terms

The terms Private Equity and Mergers & Acquisitions are often interpreted differently, both in the English language and when translated into Russian; therefore, the definition of these terms is an important aspect of the research (for details, see Section 7, Glossary).

The following terms and definitions are used in this report:

Private Equity Funds (PEFs) – are financial entities that raise capital from private and institutional investors for subsequent investment in companies' equity. In this research, the definition of PEFs is narrowed to cover two categories: classic PEFs and captive PEFs under family offices/business conglomerates.

Private Equity (PE) – a class of private investments in shareholders' equity. Private equity is a form of private equity financing obtained through non-traditional sources such as venture capital, leveraged buyout firms, and private equity funds. They can be injected at various stages of business development, from the initial idea to the final transition to public company status. Private equity includes various variants of equity, debt and hybrid instruments. In this study, private equity refers to both equity and debt investments raised in private markets. In Section 3, which is about fund investments, PI refers to investments made by classical PEFs and captive PEFs under family offices/business conglomerates, i.e. professional investors.

Mergers & Acquisitions (M&A) – is a generic term that covers a number of different transactions, such as mergers, acquisitions, consolidations, and purchases of assets and acquisitions to gain control of an entity. Acquisition means gaining control over a company or the right of ownership therein. Financial operations involving mergers/acquisitions/ consolidations of companies are often performed through a number of transactions and by different legal entities/ individuals, while information on the stake in the company to be acquired is unknown. For the purposes of this research, M&A is considered in the broad sense of an acquisition of a stake in the charter capital of a non-public company, i.e. M&A includes private equity (PE).

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Executive summary

The growth of the global private equity market over the past 10 years has been unprecedented. At the same time, private equity flows are both a driver of growth and an indicator of the state of the economy, playing an important role in the development of businesses around the world.

In Kazakhstan, the private equity market is at the initial stages of development, when institutional investors associated with the state and international development institutions play a significant role.

Family office activity, a significant driver of business development, remains generally focused on the key sectors of the economy for these groups.

The macroeconomic changes of the last three years related to the COVID-19 pandemic and the geopolitical situation in the region as a result of the conflict in Ukraine, which significantly disrupted global supply chains, have made adjustments not only to the flows of the Central Asian region but also to the rest of the world. This has impacted the activity of global ETFs in 2019 and 2022 and increased capital flows from emerging markets to developed markets as less risky. Under such conditions, the competition for attracting FDI becomes even more intense for Kazakhstan. In 2020-2022, there is a noticeable decrease in the volume of M&A transactions in Kazakhstan.

However, during the same period, there was a noticeable increase in the activity of PE and venture capital funds, both Kazakh and some foreign, which are interested in the potential of Central Asia as a region.

Kazakhstan, with its well-developed financial ecosystem and the presence of a jurisdiction with English law in force, can act as a centre of gravity for investments with their subsequent distribution throughout the region.

During interviews, market participants noted that regional cooperation within the Central Asian region will be important for Kazakhstan's investment attractiveness.

External market participants interviewed note the positive effect of the creation of AIFC and QIC's co-investment activity in joint funds, which creates a more comfortable environment for foreign investors to enter.

In Kazakhstan in 2012-2022 were 40 active private equity funds, of which 27 – with international participation, and 19 - with the participation of QIC.

Of the 40 funds, 15 fully or partially adhere to the venture capital strategy.

Fund management companies were represented by 30 companies, 5 of which were Kazakhstani.

The volume of M&A transactions over 10 years totalled about \$45bn, of which \$4.8bn were deals involving private equity funds and family offices operating on the «private equity» principle.

From 2012 to 2022, the volume of M&A transactions varied significantly from period to period. In total, there were 360 disclosed transactions involving shares and convertible instruments worth \$49.7bn during the period.

Thus, in the period under review, an average of 36 deals worth \$4.9bn were made per year.

In terms of the number of transactions, the first place is occupied by transactions for the acquisition of minority stakes through a cash-in round of investment (128 transactions); the second place is occupied by the acquisition of the company in its entirety (69 transactions); the format of acquiring a stake in an M&A transaction (cash-out) is slightly less popular.

Deal dynamics generally correlate with the macroeconomic environment, with deal volumes showing a decline since 2020. In addition, the deterioration of the geopolitical and macroeconomic situation in the region, as well as rising interest rates, have led to a reduction in the volume of transactions with debt instruments.

According to disclosed data, the most active transactions were in the financial, energy and materials sectors.

Since 2018, there has been an increase in the activity of private equity funds in the Kazakhstan market. The volumes of private equity fund transactions moved in the range from \$35mln (minimum, 2014) to \$1.8bn (maximum, 2013). At the same time, the volume is significantly influenced by large exit deals of PEFs in 2013 and 2020.

The average annual number of PEF deals during the period under review was 7.5; the average PEF deal was \$65mln; the median was \$9.15mln and the modal value was \$6mln. A total of 88 deals were completed by PEFs during the period.

The number of disclosed exits for the period under review totalled 57, of which 28 - PEFs, 29 - family offices.

Key market problems according to the survey data:

- High government presence in the economy
- Macroeconomic/geopolitical instability
- Instability of regulation and tax laws
- Capacity and level of development of capital markets

Key measures that could influence market development according to respondents:

- Limiting the role of the state in the economy
- Transparency and stability of regulation
- Measures to develop capital markets and improve access to capital
- Addressing infrastructural problems of the market



1 International private equity market



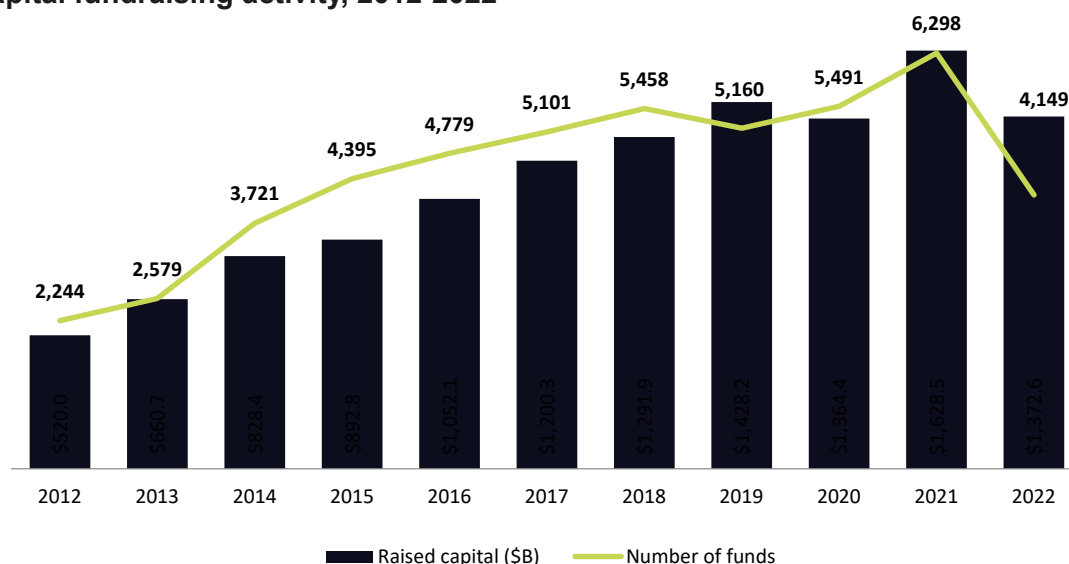
Private capital

Capital raising

2022 was the second highest-performing year in the recorded history of the global private equity market. Funds raised in 2022 totalled \$1.37trln, down 15.7% from 2021, a year that ended with a record \$1.63trln raised.

The proportion of private investments in investors' portfolios has increased, partly as a result of adverse stock market movements and the devaluation of assets traded on the open market. For some limited partners, this phenomenon has led to a reduction in the difference between their actual and desired allocation to private market investments, while for others it has led to a general reallocation of capital to one or more private asset classes. The need for certain investors to rebalance their portfolios led to a reduction in new commitments and, in some cases, to the sale of private assets on the secondary market last year.

Private capital fundraising activity, 2012-2022



Source: PitchBook

Rising inflation due to the war in Ukraine and the resulting escalation in key interest rates, as well as rising tensions between the US and China, have led to an economic slowdown since the beginning of 2022.

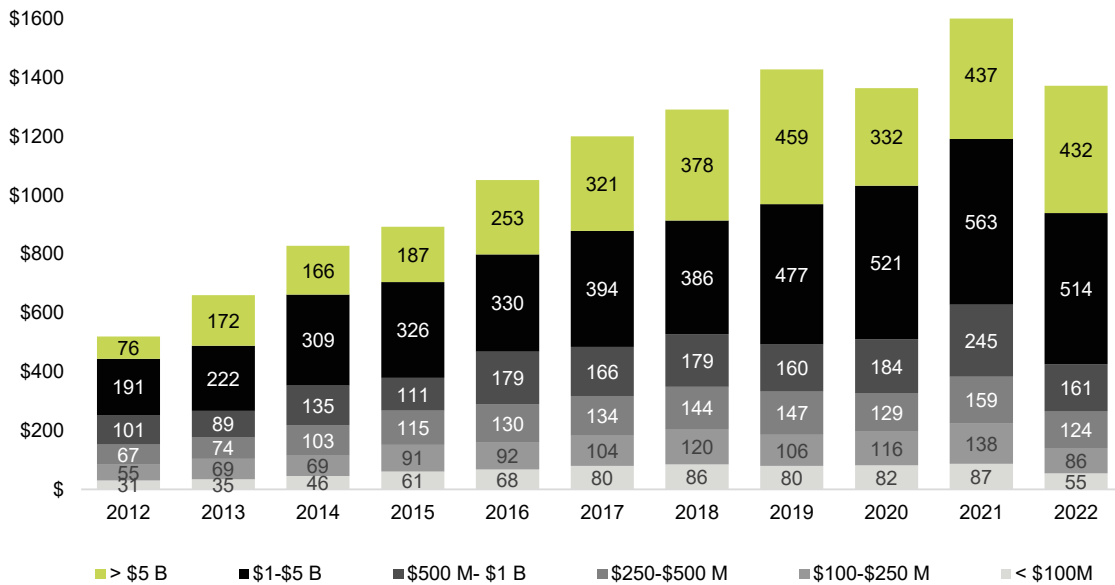
Difficulties in accessing finance in the aftermath of the economic downturn, such as banks' reluctance to finance risky transactions and a more conservative approach to limits in the face of uncertainty, have not had the same impact on private capital market participants.

* CPI (consumer price index) - inflation

Given the current volatility and high levels of market uncertainty, investors tend to favour large funds (AUM* between \$1bn and \$5bn) and megafunds (AUM > \$5bn) when raising new commitments. In 2022, megafunds raised \$432bn, representing 32% of total capital raised.

The increase in the amount of capital raised by large and mega funds over the past decade is unmistakable. Although there has been a slight increase in the volume of smaller funds, this has not affected the compound annual growth rate (CAGR) of capital raised relative to fund size. Large funds have the highest CAGR from 2012 to 2022.

Raised capital structure by size of funds, \$B



Source: PitchBook

Share of funds by size, growth, CAGR

Fund size	2012	2019	2020	2021	2022	2022/2021, %	CAGR 2012-2022, %
< \$100 M	6%	6%	6%	5%	4%	-37%	6%
\$100-250M	11%	7%	9%	8%	6%	-38%	5%
\$250-500 M	13%	10%	9%	10%	9%	-22%	6%
\$500 M - 1 B	19%	11%	13%	15%	12%	-34%	5%
\$1-5 B	37%	33%	38%	35%	37%	-9%	10%
> \$5 B	15%	32%	24%	27%	32%	-1%	19%

Source: PitchBook

North America accounts for two-thirds of global private market capital raised. According to Preqin**, within the North American asset classes, natural resources and infrastructure fundraising was up 82%, while private credit was up 11%. Closed-end real estate fundraising was down 22%.

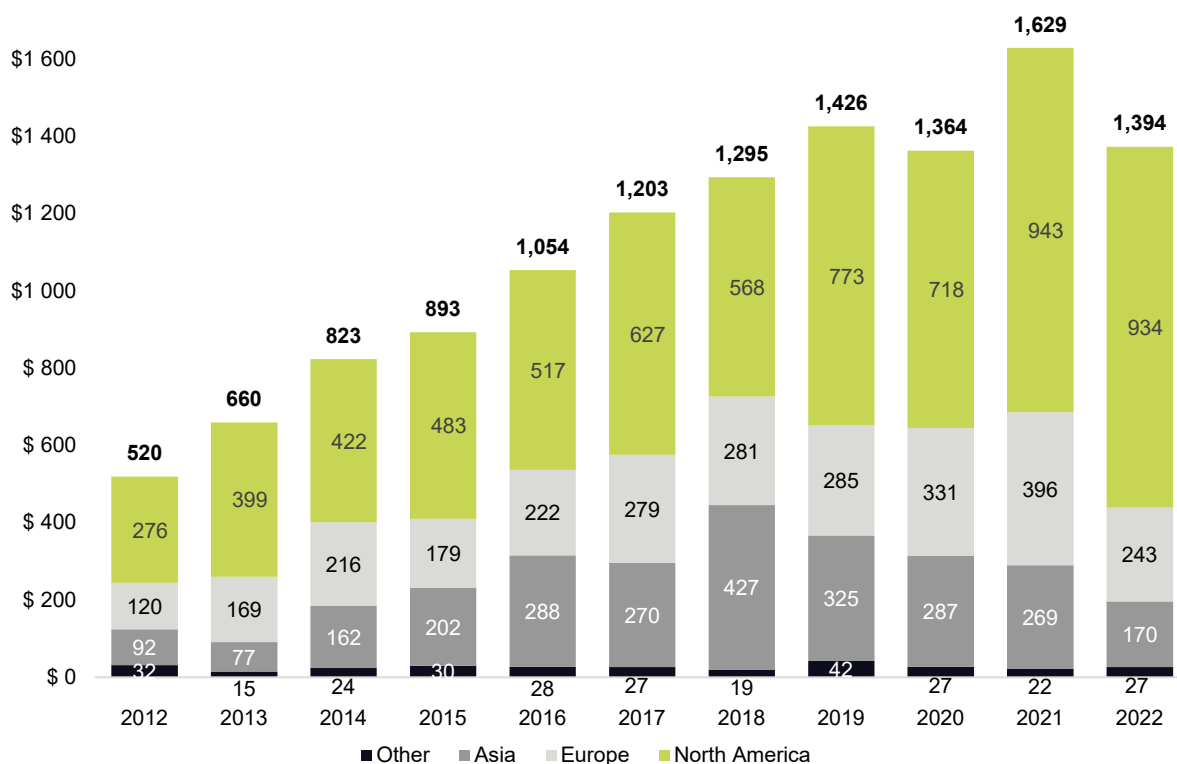
* AUM - assets under management

** Preqin - a private London-based investment company that provides financial data and market information on alternative assets, as well as tools to support investment in alternatives.

Funds raised in Europe fell by 38% to \$243 bn in 2022, the lowest amount since 2017 and ending 11 years of growth on the continent. As the dollar strengthened against most European currencies in 2022, the decline was partly due to currency effects. The exceptionally high amount of unused capital at the end of 2021 may have contributed to the decrease in liabilities. The decline in fundraising was widespread, with the closed real estate, infrastructure and natural resources sectors down more than 30% year-on-year, according to Preqin data.

In Asia, fundraising has been declining for the past five years. The multi-year decline in funds focused on Asia, and China in particular, can be attributed to a number of factors, including excess uninvested capital (dry powder) and evolving government regulations. Private equity and private debt fundraising fell sharply across Asia, down 49.2% and 24.6% respectively. In contrast, infrastructure and natural resources fundraising increased slightly by 1%, according to Preqin data.

Raised capital structure by regions, 2012 – 2022, \$B

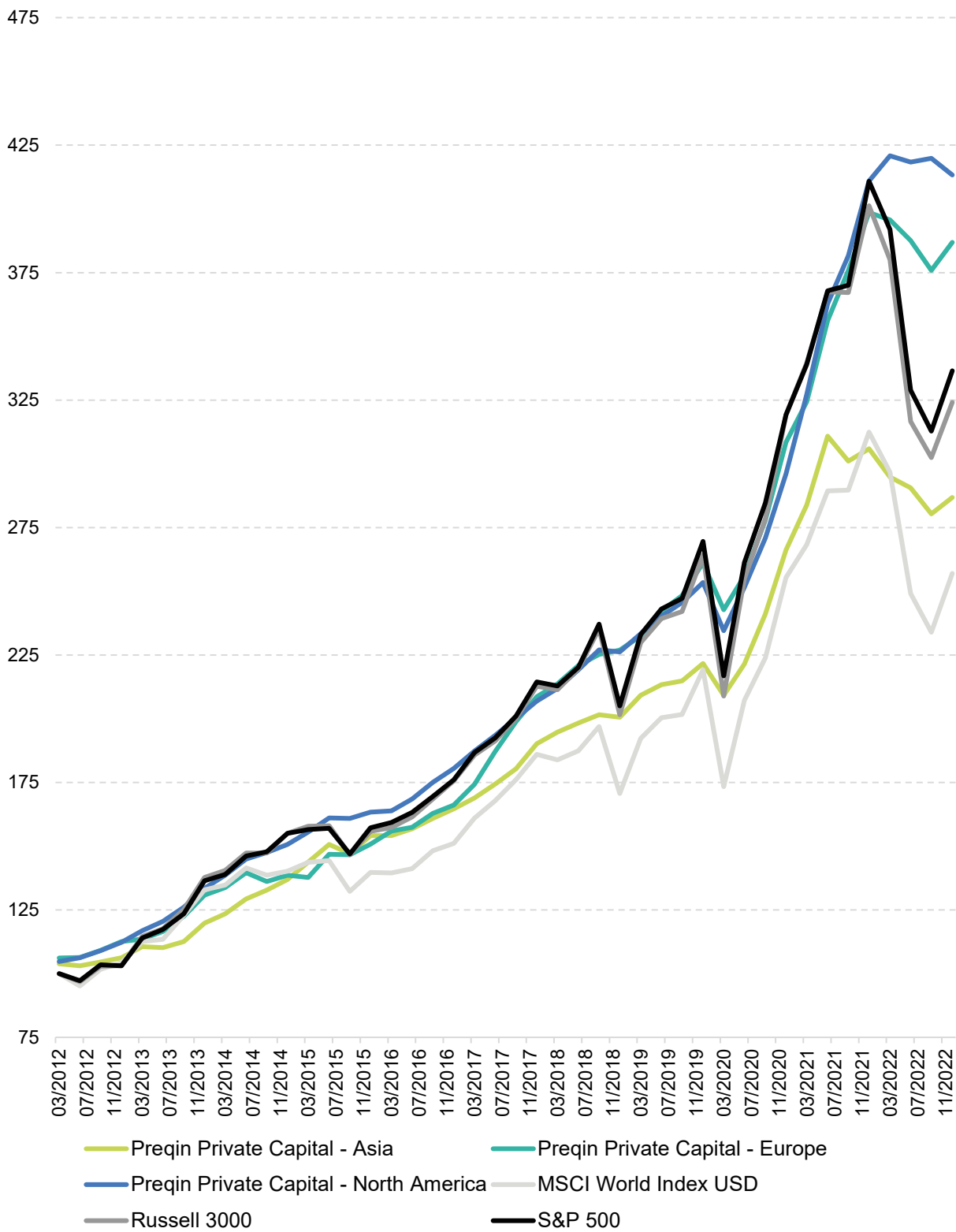


Source: PitchBook

In 2022, returns for all private market asset classes were lower than in 2021.

Private market asset classes have consistently outperformed their respective public market indices over the past two decades and the continuation of this trend is noticeable. In a turbulent 2022 for public markets, it is not surprising that private markets typically underperform public markets while having additional valuation room.

Open market vs private market indices in Europe, Asia, and North America, 2012–2022

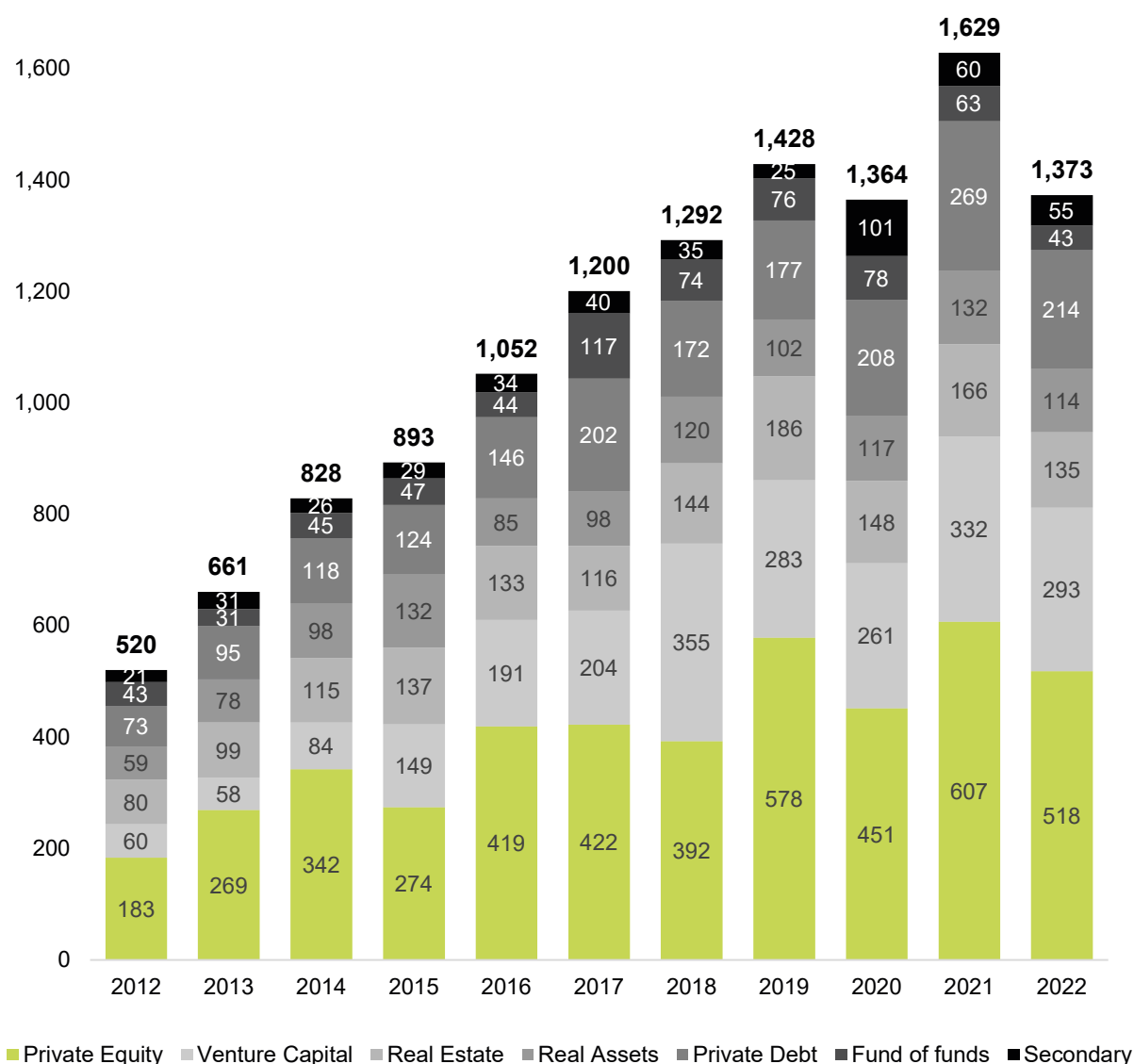


Source: Preqin, S&P Capital IQ Pro

Returns for all asset classes in private markets were lower in 2022 than in 2021. Private equity accounts for the majority of both total private equity and venture capital. It has consistently exceeded 50% of funds raised since 2016.

In 2022, in the midst of another economic downturn, there was an increase in private equity and venture capital investments as a proportion of total capital raised. This may be due to more favourable entry conditions for investors, as a result of lower prices in public markets affecting the valuation of private assets (allowing investment in quality assets at reduced prices). However, the percentage increase could also be due to the impact of the success of the private capital market in 2021.

Raised private capital structure by type of investor, 2012 – 2022, \$B



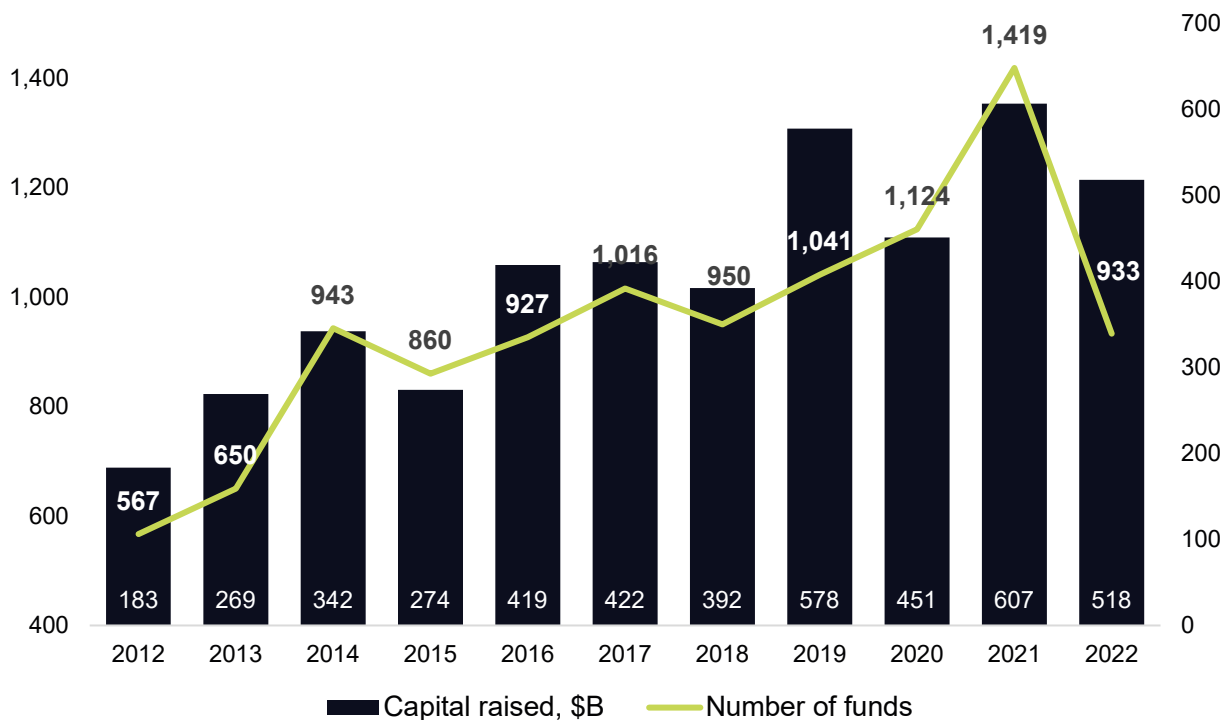
Source: PitchBook

Private equity

After a banner year in 2021, with record fundraising and deal-making and exceptionally strong returns, the private markets declined again in 2022. The aforementioned challenges – rising rates and declining availability of debt, rapidly declining public market asset values, and macroeconomic uncertainty - have stifled growth, activity, and performance in what has been the best-performing asset class in private markets for many years.

Crisis periods in the economy adversely affect the amount of capital raised by Private Equity funds as well as the number of such funds. The comparatively lower liquidity of this asset class in comparison to public markets necessitates a cautious investment strategy for long-term success.

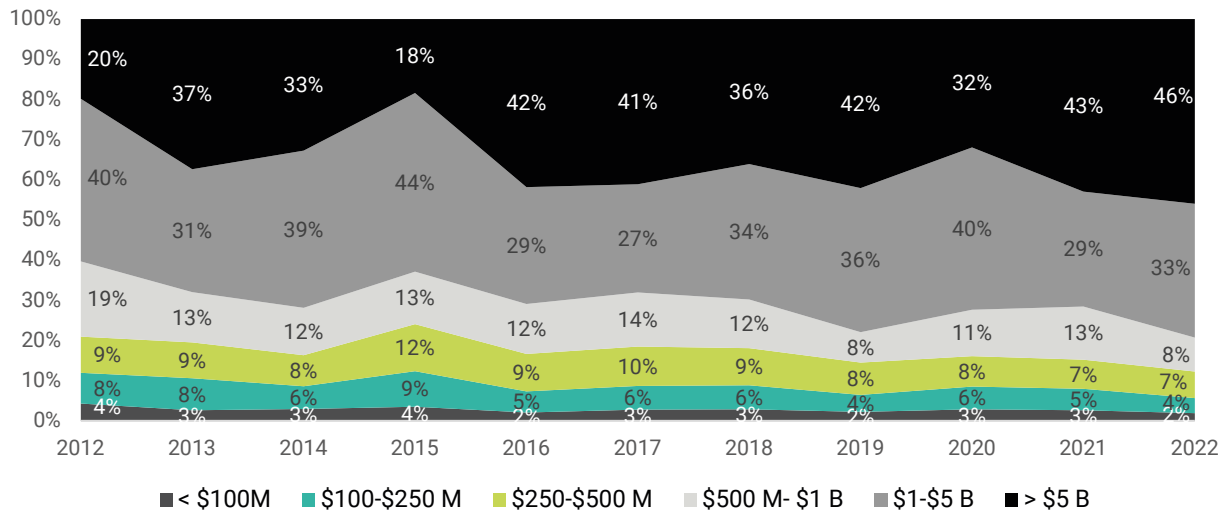
Raised capital volumes, Private equity market, \$B



Source: PitchBook

Throughout the decade, a tendency has arisen towards investing in massive funds and mega-funds, whose combined proportion of investments surpasses 60% of total funds garnered within the private equity market. The majority of investment in mega-funds in 2022 (46%) is largely attributed to the consequences of market uncertainty, as investors seek to rely on trustworthy market players.

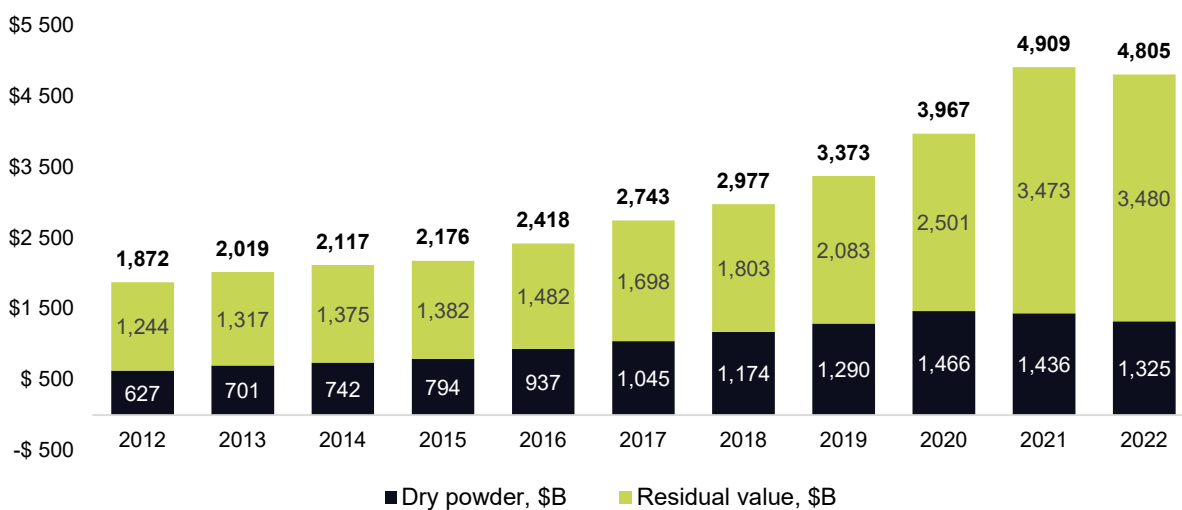
Raised capital structure by funds, %



Source: PitchBook

Due to Covid-19 restrictions, the proportion of unused capital surged (+14%) in 2020. Market participants opted for caution given the volatile conditions and a great deal of uncertainty. As a result, several funds suspended their assessment of new transactions. The easing of quarantine measures is evident in 2021: markets are opening up, investment opportunities are increasing, and dry powder has decreased by 2%. The 8% reduction in dry powder in 2022 suggests that several private equity players have invested in lower-priced assets due to the economic downturn.

AUM structure in dynamics, 2012-2022, \$T

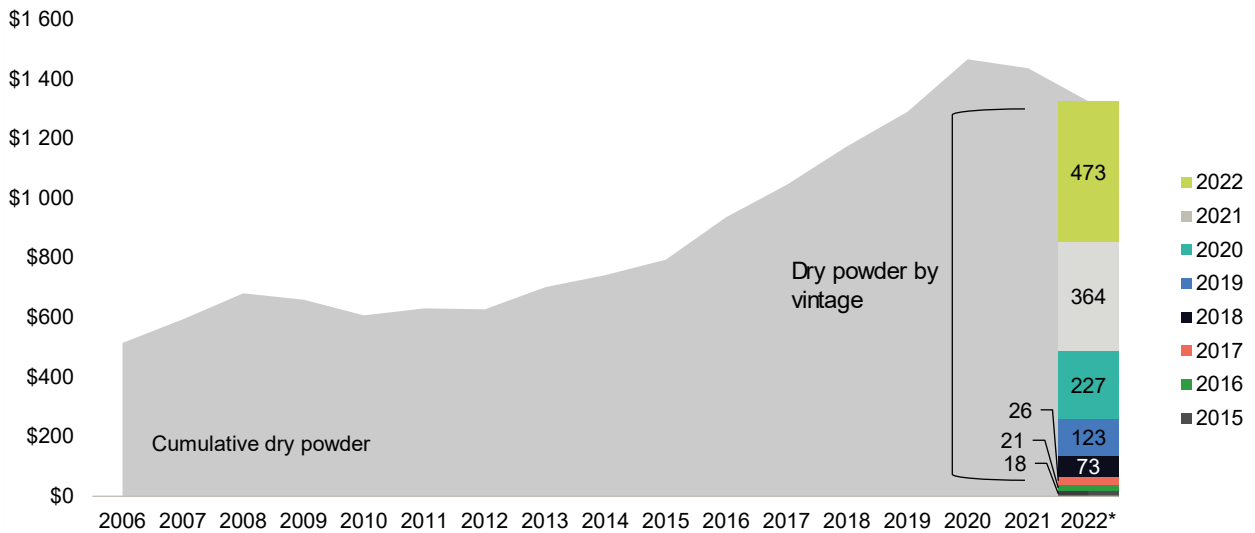


Source: PitchBook

Until 2022, the volume of managed assets displayed positive dynamics (CAGR between 2012 and 2021 reached 11%). However, in 2022, there was a slight downturn of 2% (from \$4.9T to \$4.8T), attributed to an 8% reduction of dry powder (from \$1.4T to \$1.3T) throughout the year.

Accumulated unused capital (dry powder) worldwide at the end of 2022 totalled \$1,325B. The majority (36%) of dry powder comprises unused capital for funds that were launched in 2022, which is reasonable considering a significant portion of the raised capital would not have been used in relevant transactions yet, given the longer timeline for Private Equity deal-making relative to the public market. Generally, there is a direct correlation between the fund's vintage year and a reduction in investment account balances. Dry powder funds opened in 2015 constitute the smallest portion (1%) of the market, with \$18B of unutilized capital.

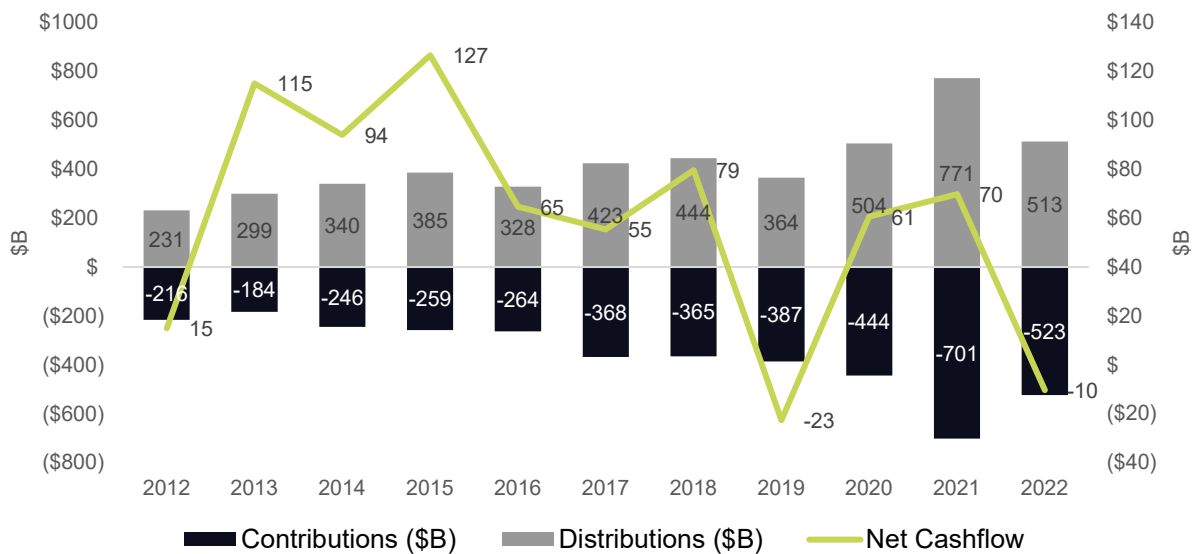
Accumulated dry powder, \$B



Source: PitchBook

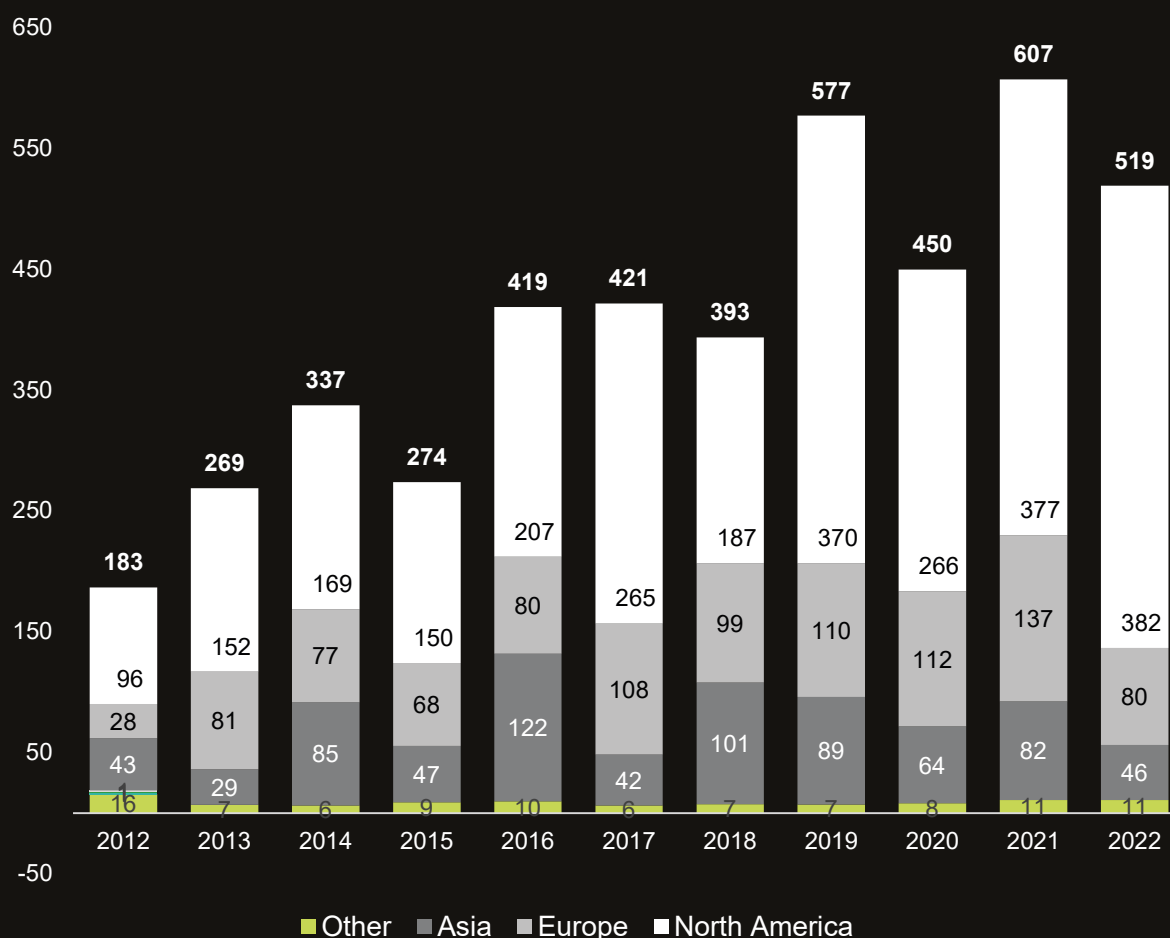
The net cash flow of the private equity market was negative solely in 2019 and 2022; in all other years, the funds' distributions outweighed their contributions.

Net cash flow of the private equity market, 2012-2022, \$B



Source: PitchBook

Private equity capital raised by region, 2012-2022, \$B



Source: PitchBook

In 2022 global fundraising in the private equity market decreased by 14.5% to \$519B.

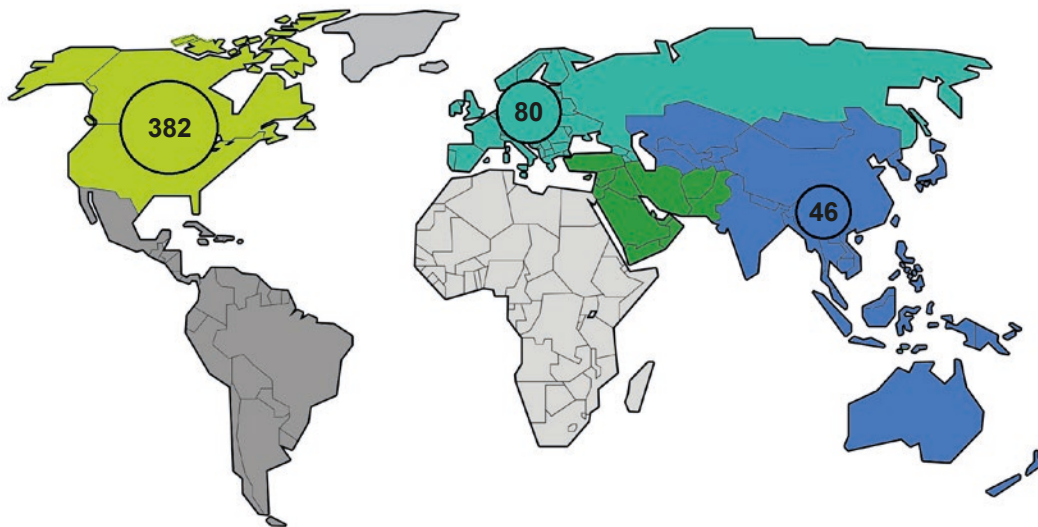
Fundraising for North America-focused funds increased by 1% compared to the record level achieved in 2021. Although there was a decline in comparison to the previous year, 2022 marked the second-highest fundraising year for North American private equity funds. One reason for the region's impressive fundraising resilience is the redirection of funds in 2022 towards larger-scale investments, with a primary focus on North America. For instance, Preqin's research indicates that seven private equity funds in this area raised over \$10B, while all other regions combined had only four such funds.



Fundraising for European and Asia-focused funds experienced a significant decline. Specifically, European private equity funds accumulated only \$80B, representing a 42% decrease compared to the previous year, and the lowest amount since 2017. This marks a reversal from the previous four years of consistent and gradual growth.

In Asia, fundraising dropped by 49% to reach \$46B, which is the lowest it has been since 2018. The decline in fundraising in the region can largely be attributed to funds that were focused on China.

Private equity capital raised by region, 2022, \$B



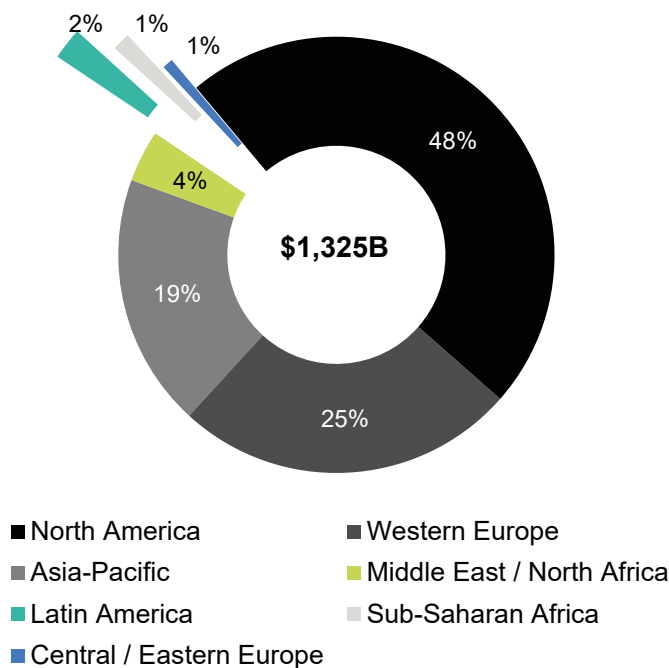
Source: PitchBook

In 2022, Private Equity International’s report shows that 48% of investors focused their investments on North American territories, totalling \$382B and representing 29% of all investments. These results indicate that investment was directed less towards other regions.



Europe accounts for 26% of all investors, with the majority of investments contributed by developed countries in Western Europe, while only 1% originates from Eastern Europe. According to the Invest Europe report, the volume of attracted investments in Europe in 2022 amounted to \$80B, with 13.3% being represented by investments from other regions. The report also indicates that investments from Europe in other regions reached \$7.7B.

Concentration of investors by region 2022, \$B



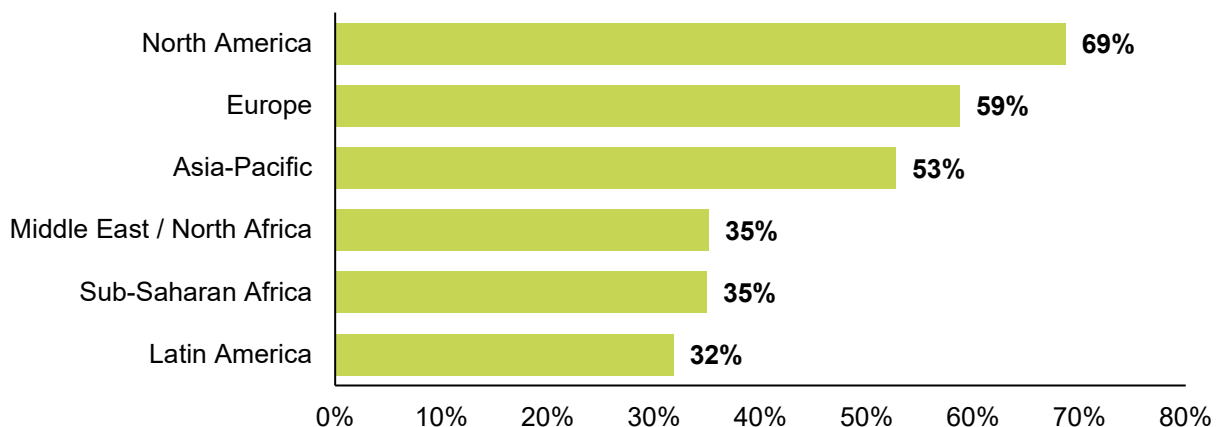
Source: Invest Europe

The proportion of private equity market investors located in Asia amounted to 19%. Moreover, the private equity market capital raised within the region equated to only 3% (\$40B) of the overall private equity market capital raised during 2022.

According to the Invest Europe report, North America proved most enticing to the overall count of investors. 69% of worldwide investors possess an interest in this area.

Europe ranks second in terms of attractiveness, with 59% of the total number of investors favouring it, while Asia follows in third place with 53%.

Investor attractiveness by regions, 2022, %

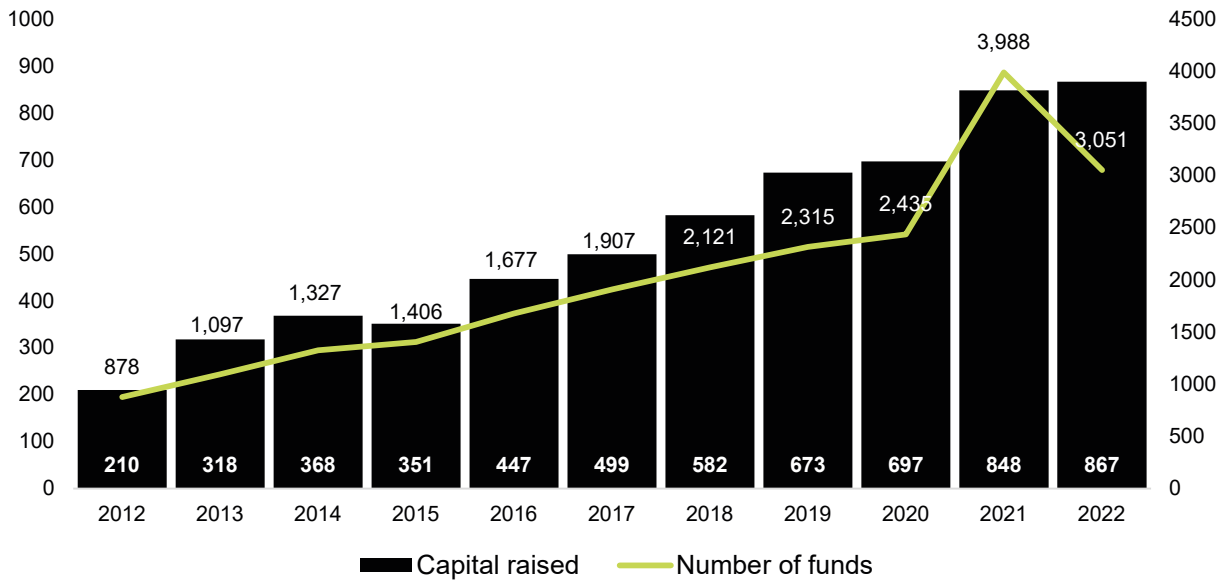


Source: PitchBook

According to Capital IQ, the total sum of funds raised in developed markets in 2022 amounts to \$867B, surpassing the 2021 figures by 2%. Additionally, the aggregate sum of investments reached \$1,014B, which represents a decline of 12% compared to the previous year.

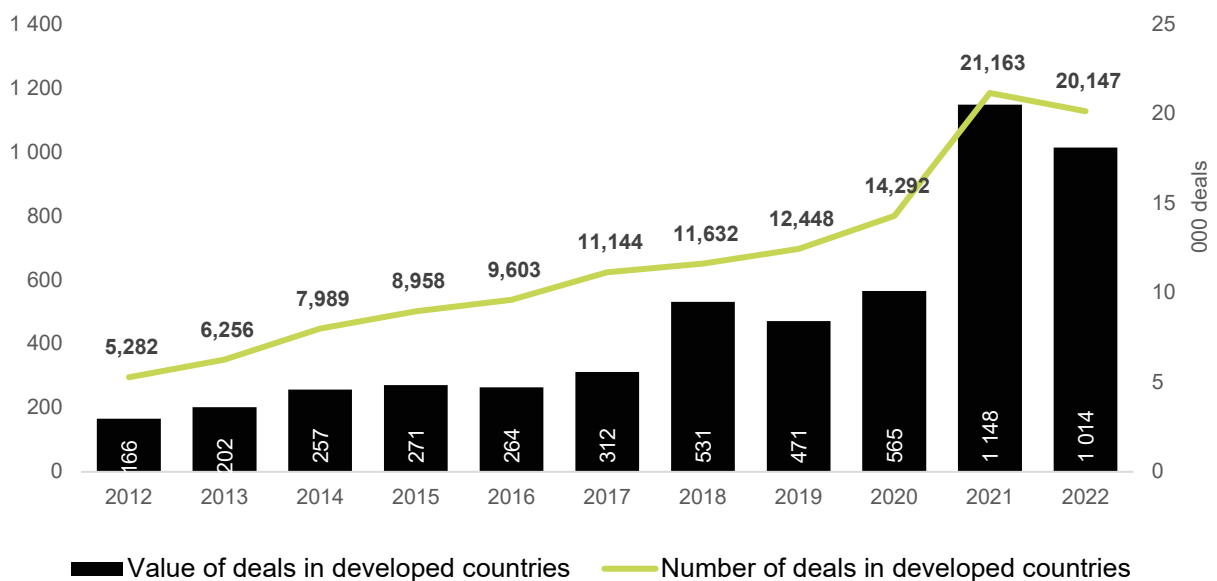
The number of transactions, which underwent an almost twofold increase in 2021, experienced a 5% decrease in 2022.

Value of funds raised in developed markets, 2012-2022, \$B



Source: S&P Capital IQ

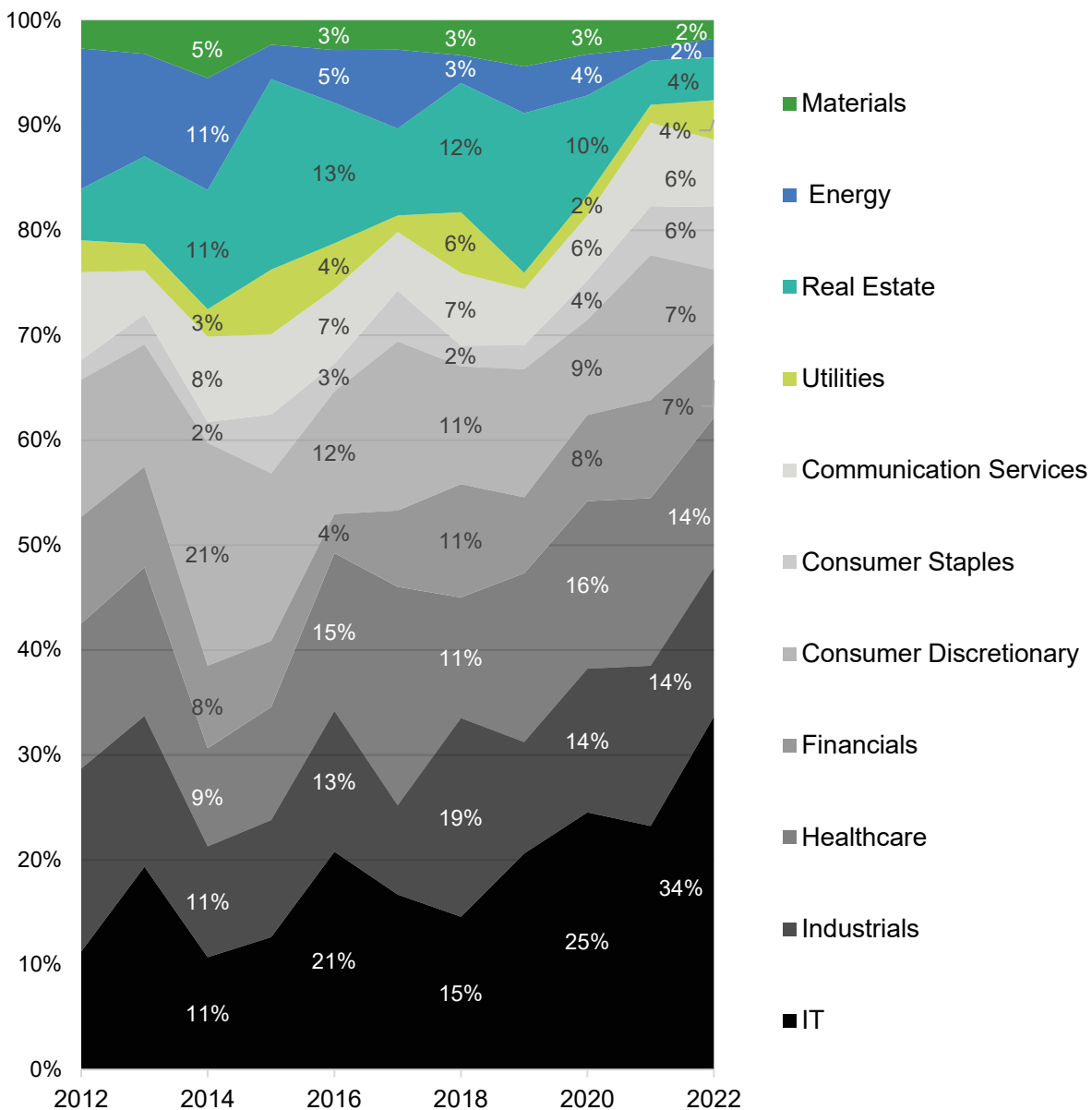
Value of investments in developed markets, 2012-2022, \$B



Source: S&P Capital IQ

The technology sector accounted for the majority (34%) of investment in developed markets in 2022, representing an increase of 23% (from 11% in 2021) over the past decade. Amid the pandemic, the healthcare sector has attracted greater investment interest, resulting in a rise of investment share to 16% (up from 11% in 2021). Investment in consumer goods, however, has considerably declined in the past decade, with the share dropping from 21% to 7%.

Developed market investment by sector, 2012-2022, \$B

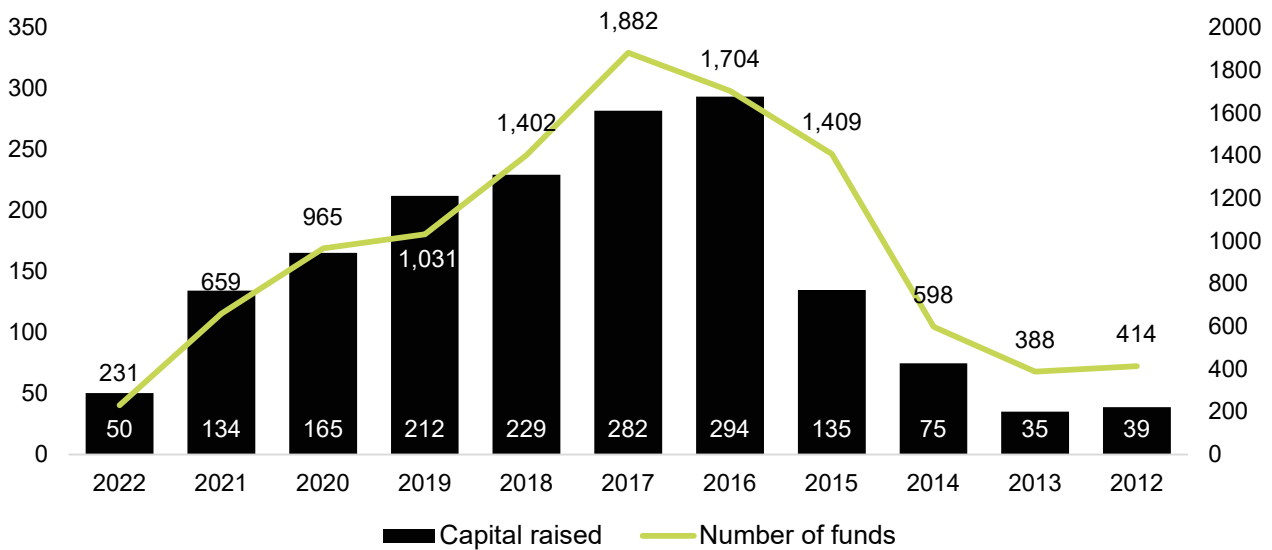


Source: S&P Capital IQ

There is a significant gap between developed and emerging markets. The emerging private equity market saw an inflow of only \$50B in 2022, a reduction of 63% from the previous year (\$134B). Approximately 6% of the amount of capital raised in developed markets was raised in emerging markets.

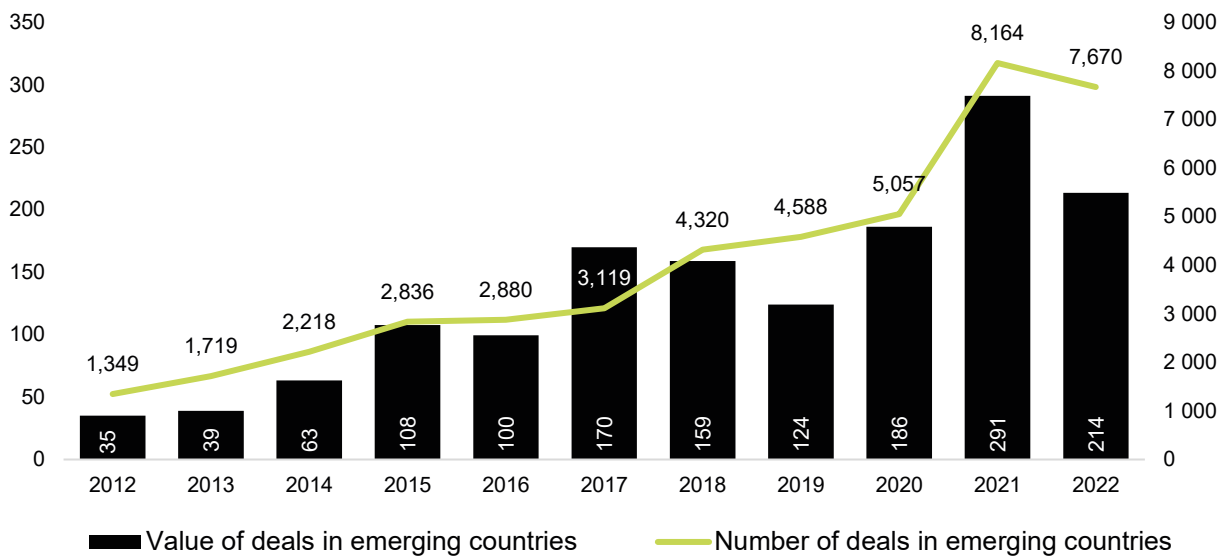
The amount of investment in emerging markets in 2022 constituted only one-fifth of the funds invested in developed markets. Meanwhile, the deal value in emerging markets experienced a 6% decline by 2021.

Number of funds raised in emerging markets, 2012-2022, \$B



Source: S&P Capital IQ

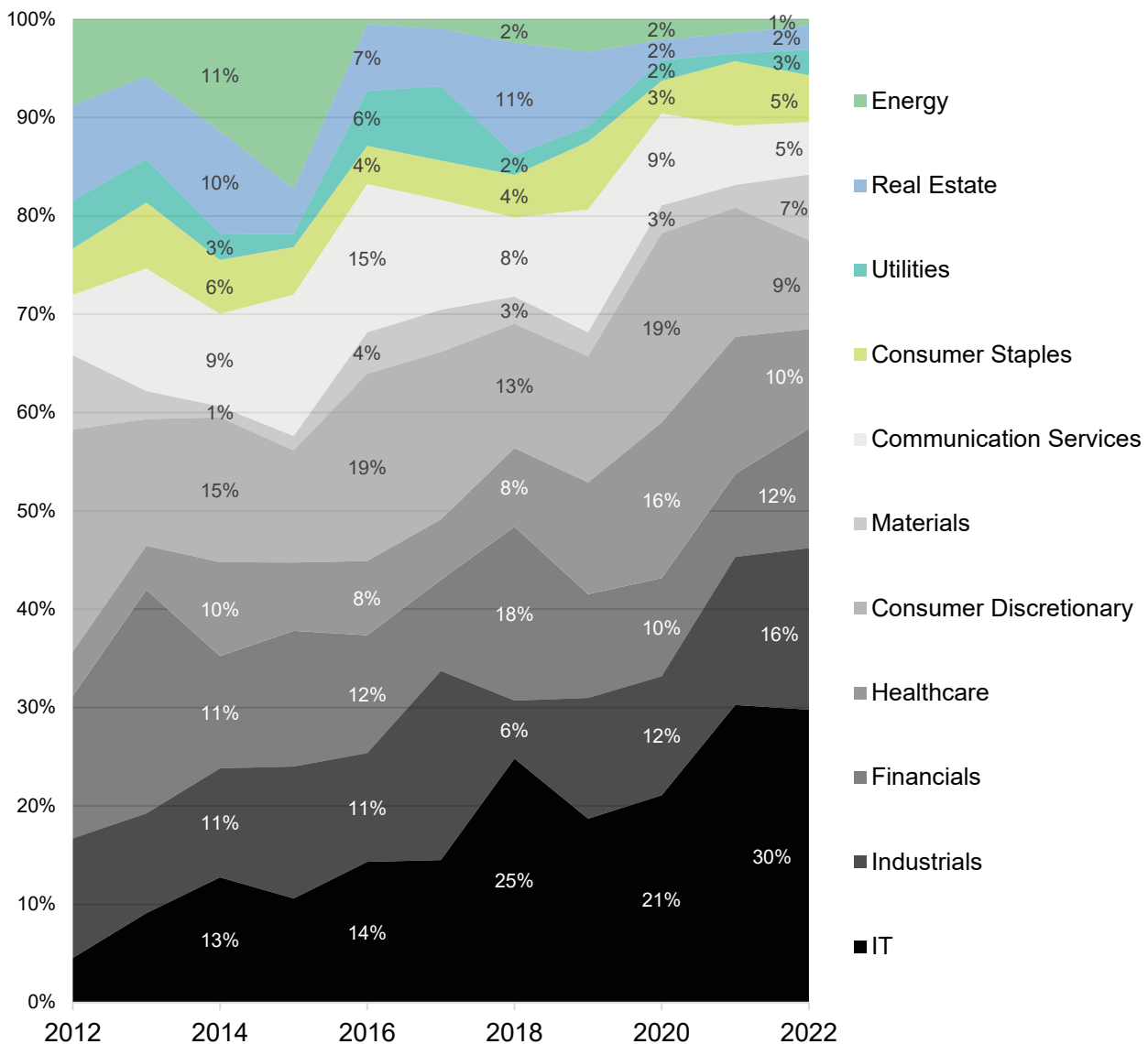
Amount of funds raised in emerging markets, 2012-2022, \$B



Source: S&P Capital IQ

Regarding sectoral investment, the technology industry has become 30% more attractive over the past decade. The financial sector's decreasing share amid the Covid-19 pandemic indicates recovery is gradually happening. The “boom” in the healthcare sector, also linked to the pandemic, has diminished, as evidenced by a 6% investment share decrease by 2021.

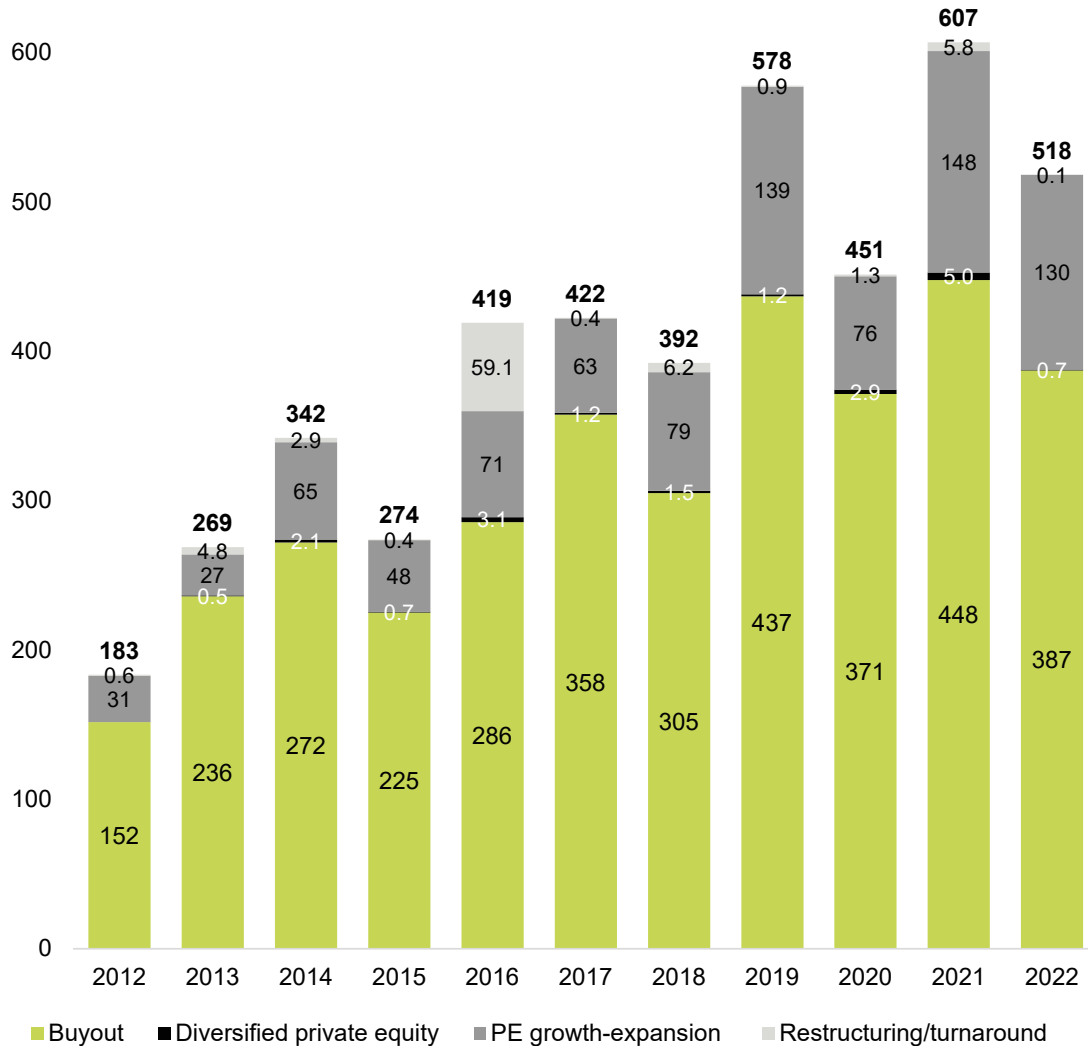
Emerging market investments by sector, 2012-2022, \$B



Source: S&P Capital IQ

Fundraising in all private equity strategic targets decreased by over 10% in 2022. The buyout, which is the largest strategy in terms of fundraising volume, exhibited a 14% decline in the same period.

Private equity market dynamics by investor type, 2012-2022, \$B



Source: PitchBook



Developed country experience - Singapore

Temasek Holdings (Private) Limited - is a private equity and venture capital firm specializing in growth capital, restructuring, and divestiture transactions.

Key fund indicators

1974

Year of foundation

493

Investments

112

Exits

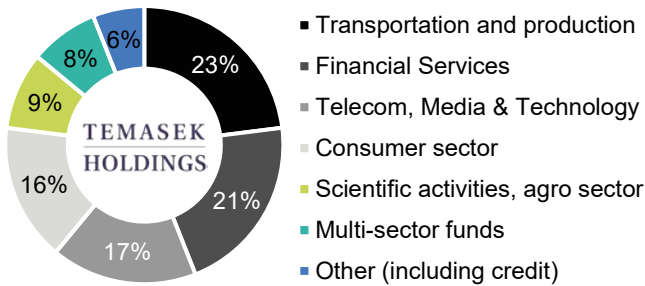
Singapore

Location

\$384 B

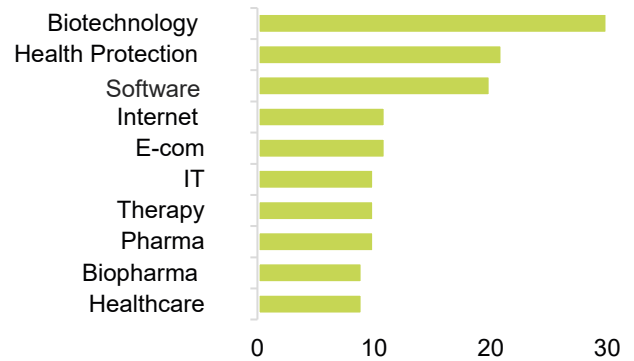
AUM

Investments by sector



Source: Temasek Holding

Number of Temasek Fund exits by industry

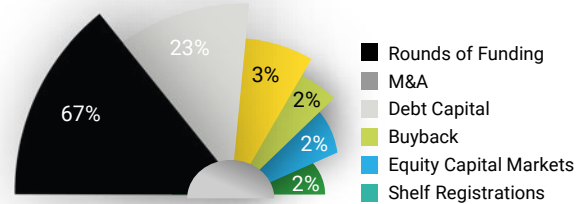


Source: Crunchbase Inc.

TOP 10 INVESTMENTS (37% of portfolio)



Investments by type of transaction



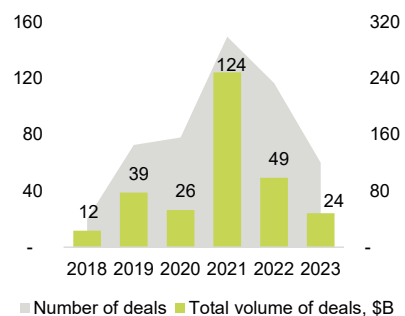
Source: S&P Capital IQ Pro

Geography of the fund's portfolio



Source: S&P Capital IQ Pro

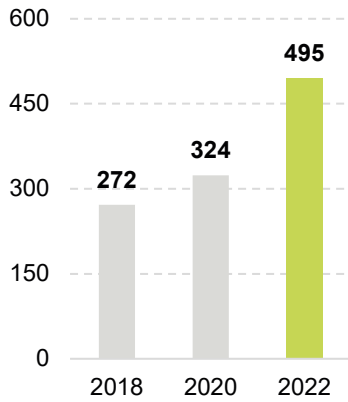
Investment activities of Temasek Holdings



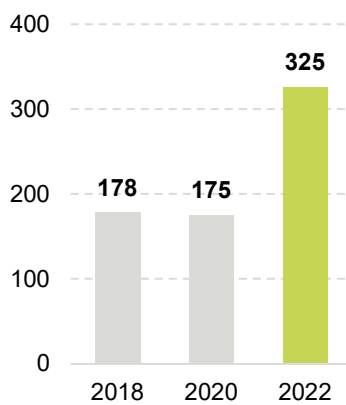
Case No. 1 - Singapore

In January 2015, Temasek Holdings, an investment company of the Singapore government, acquired a 17.74% stake for nearly Rs 7 bn (US\$150 mln) in Global Health Pvt. Ltd through its subsidiary Dunearn Investments (Mauritius Pte Ltd) from Punj Lloyd Limited. Ltd through its subsidiary Dunearn Investments (Mauritius) Pte Ltd from Punj Lloyd Limited. Global Health Limited (Medanta) is an Indian company that provides multi-speciality healthcare in the northern and eastern regions of India.

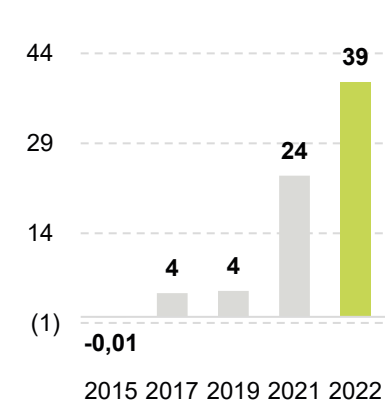
Total Assets, \$M



Revenue, \$M



Net Income, \$M



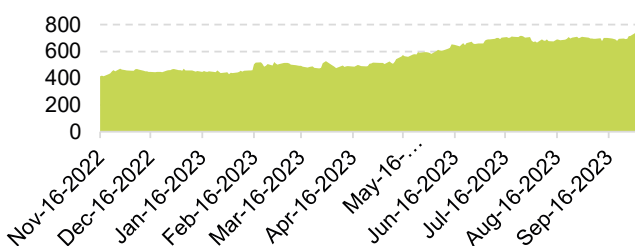
Source: S&P Capital IQ

One of the shareholders of Global Health Limited (Medanta) is a private equity fund - Temasek Holdings

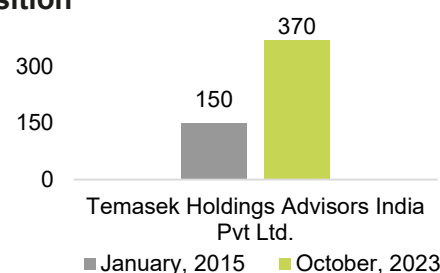
Shareholders	Number of shares	Share, %	Valuation, \$M
Naresh Kumar Trehan	88,725,457	33.06%	9.13
Temasek Holdings Advisors India Pvt Ltd.	43,009,895	16.03%	4.43
Sachdeva Sunil	33,900,000	12.63%	3.49
RJ Corp. Ltd.	14,822,979	5.524%	1.52
Norges Bank Investment Management	8,011,956	2.986%	0.83
Polaris Healthcare Investments Pte Ltd.	5,000,000	1.863%	0.52
Novo Holdings A/S (Investment Company)	4,779,668	1.781%	0.49
Motilal Oswal Asset Management Co. Ltd.	3,871,028	1.442%	0.40
HDFC Asset Management Co. Ltd. (Invst Mgmt)	3,604,134	1.343%	0.37
Axis Asset Management Co. Ltd.	3,474,714	1.295%	0.36

Also, Global Health Limited went public on 9 November 2022. As a result, the company's share price rose from \$415.3 to \$747.25, with a market capitalisation of \$2,410 mln as of 01.10.2023 according to Investing-Pro. Since the investment, the value of Temasek's stake has seen a 2.5x gain to \$370 mln. The company's market capitalisation as of 02.10.2023.

Share growth since IPO - x2



Value of Temasek Holdings' share since acquisition



Source: S&P Capital IQ

Developed country experience - USA

Silver Lake Partners is a global private equity firm that invests in major technology companies and technology-enabled businesses.

Key fund indicators

1999

Year of foundation

210

Investments

79

Exits

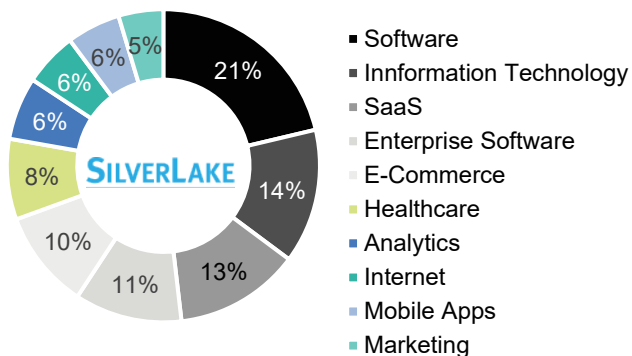
California

Location

26

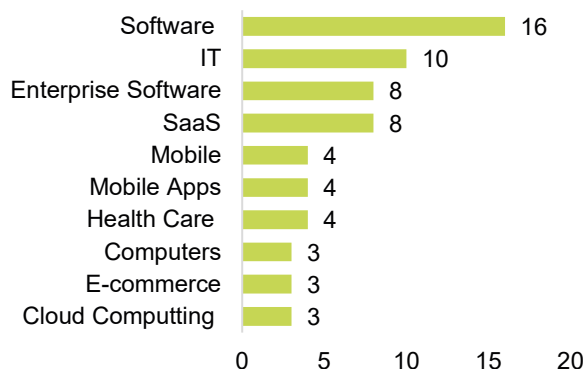
Portfolio companies

Investments by sector



Source: Crunchbase Inc.

Fund exits by sector



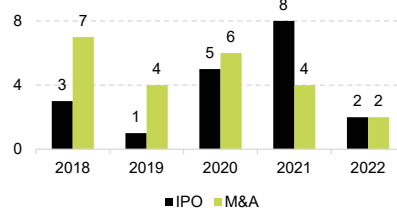
Source: Crunchbase Inc.

TOP 10 investments



Source: open sources

Fund exits



Geography of the fund portfolio



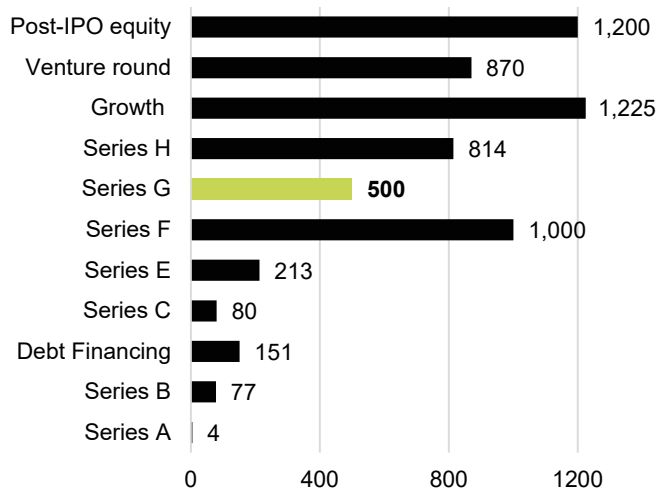
Stages of investment companies

Stage	Q-ty	%
Growth	47	30%
Series E	16	10%
Late VC	14	9%
Series D	12	8%
Buyout	11	7%
Series C	11	7%
Series F	11	7%
Acquisition	8	5%
Secondary	7	5%
Series B	7	5%
Post-IPO equity	6	4%
Debt	5	3%

Source: CB Insight

Social Finance, Inc. - is an online finance company and online bank. The company provides financial products including student and auto loan refinancing, mortgages, personal loans, credit cards, investing, and banking services through mobile applications and desktop computers.

Stages of capital raising, M\$

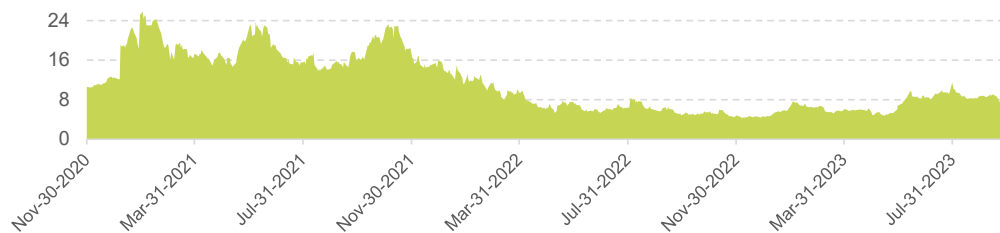


Source: S&P Capital IQ

On 24 February 2017, the Company announced the issuance of 29,096,495 shares of Series F Preferred Stock for a total of \$500 mln in a financing round led by new investor Silver Lake. On 15 November 2021, Silver Lake Partners decided to sell a portion of its 7,361,378 shares in SoFi Technologies, Inc.

SoFi Technologies has entered into an underwriting agreement with Barclays Capital Inc. and certain holders of SoFi shares relating to a public offering by the selling shareholders of 50 million shares of SoFi common stock, par value \$0.0001 per share, at a price of \$21.60 per share. On 18 November 2021, the offering by the Selling Shareholders of 50 million shares of SoFi common stock to the Underwriter was completed.

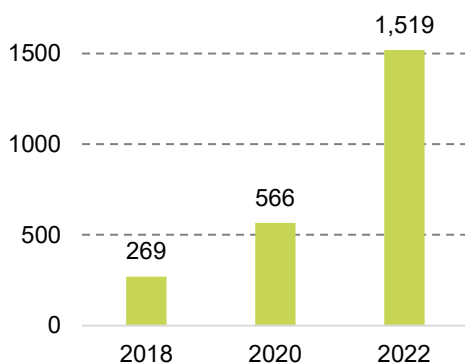
Company's share price, USD



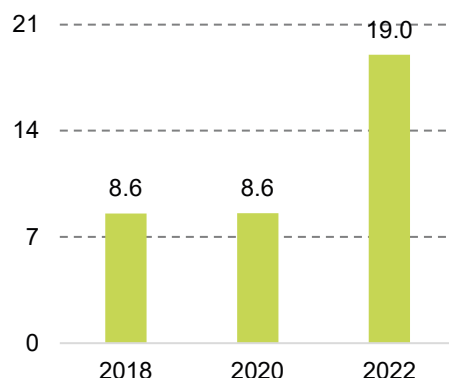
Source: S&P Capital IQ

Key performance indicators of the Company

Revenue, M\$



Assets, M\$



Source: S&P Capital IQ

Developed country experience - Netherlands

Holland Capital Management B.V. is a private equity and venture capital investment company. The company invests primarily in companies with their registered office in the Netherlands or in Belgium and Luxembourg. The company aims to invest between EUR 0.25 mln and EUR 10 mln in companies with an enterprise value between EUR 5 mln and EUR 50 mln. The Company aims to hold at least a 20% interest in its portfolio companies and to exit its investments through a sale or an IPO.

Key fund indicators

1981

Year of foundation

136

Investments

59

Exits

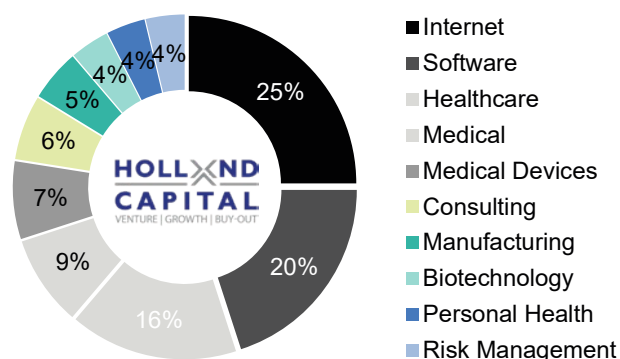
Amsterdam

Location

66

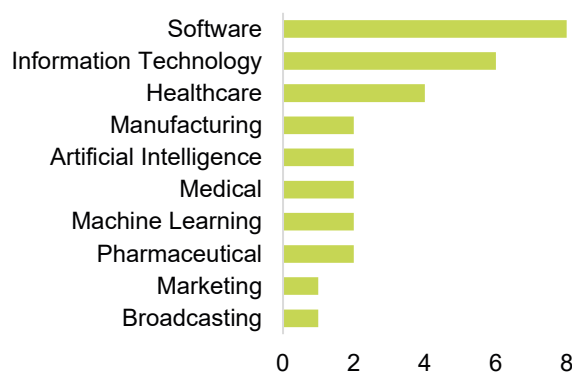
Portfolio companies

Investments by sector



Source: Crunchbase Inc.

Fund exits by sector



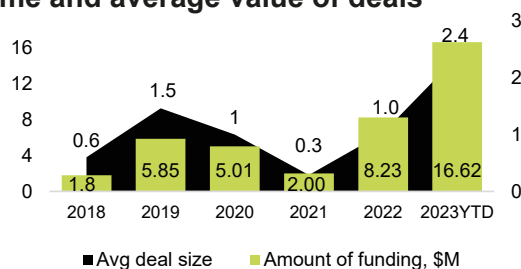
Source: Crunchbase Inc.

TOP-10 investments



Source: open sources

Volume and average value of deals



Source: Crunchbase Inc.

Geography of the fund portfolio



Stages of investment companies

Stage	Q-ty	%
Growth VC	15	50%
Series A	6	20%
Seed	3	10%
Early VC	2	7%
Growth non-VC	1	3%
Series B	1	3%
Post-IPO equity	1	3%
Late VC	1	3%

Source: CB Insight

Artificial intelligence startup Quantib has raised EUR 4.5 mln in an A round led by Holland Capital and InnovationQuarter on 27 November 2017. Quantib develops machine learning applications for medical imaging that enable doctors and researchers to make accurate diagnoses more efficiently.

Key indicators of the company

2012	\$4 M	\$5.4 M	58
Year of foundation	Revenue, (2023)	Funding	Employees

Stages of capital raising

Deal date	Investor	Round	Value of the investment
January, 2012	Erasmus MC	Spinout	N/A
January, 2014	Eurostars SME programme	Grant	€150
July, 2016	EIT Health	Grant	€ 50
November, 2017	Holland Venture, Innovation Quarter, Holland Capital	Series A	€4,5
January, 2020	European Innovation Council, European Innovation Council and SMEs Executive Agency	Grant	€2
January, 2022	RedNet	Acquisition	€43

Source: Dealroom

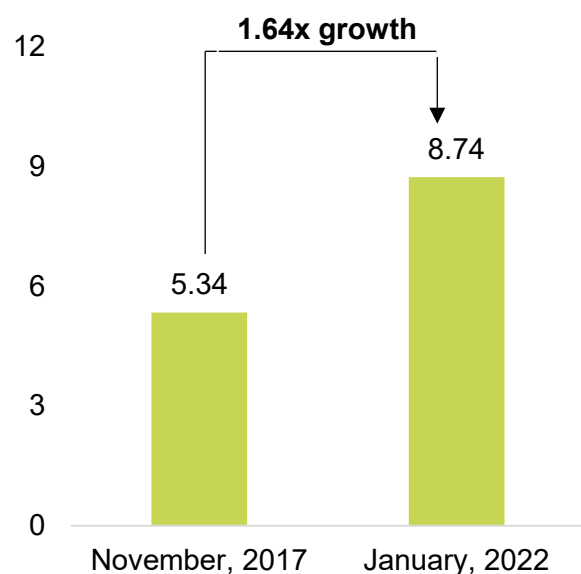
On 20 January 2002 RadNet, Inc. acquired Quantib B.V. from Holland Capital for \$41.9 mln. The transaction was accounted for as a business acquisition and the total purchase consideration was approximately \$42.3 mln. The total consideration of approximately \$42.3 mln consisted of 965,058 shares issued at a price of \$26.80 per share. The fair value of these shares was \$25.9 mln. The total fair value of these shares was \$25.9 mln.

As a result, the Holland Capital fund exited Quantib B.V. with a gain of **1.64x** since the investment.

Holland Capital sold the company to strategic investor RadNet, Inc.

The acquisition will enable RadNet to offer large-scale cancer screening programmes for the three most common cancers - breast, prostate and lung - complementing RadNet's existing artificial intelligence mammography division, DeepHealth.

The cost of Holland Capital's stake since entry, \$M



Source: Dealroom

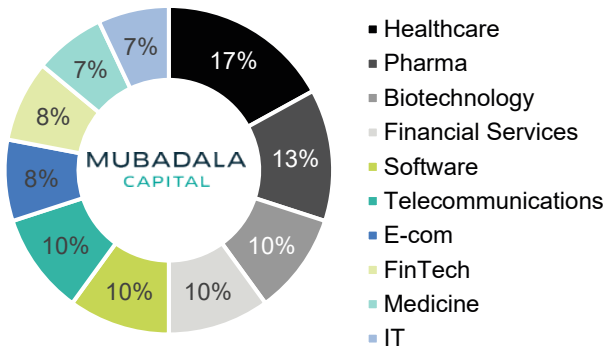
Emerging country experience – UAE

Mubadala Capital is an asset management subsidiary of Mubadala Investment Company with approximately \$20 billion under management, of which \$13 billion is in third-party capital.

Key fund indicators

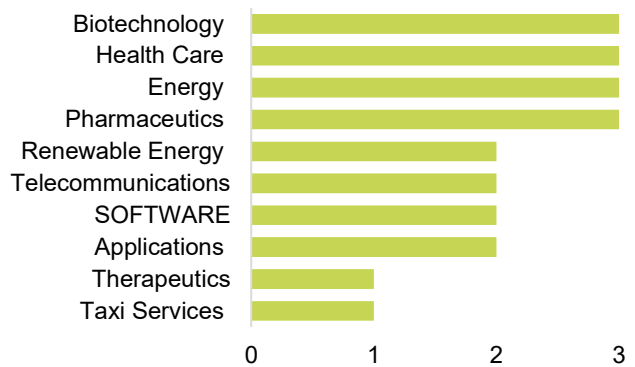
2011 Year of foundation **112** Investments **6** Exits **UAE** Location **\$20B** AUM

Investments by sector



Source: Crunchbase Inc.

Fund exits by sector



Source: Crunchbase Inc.

TOP-10 investments

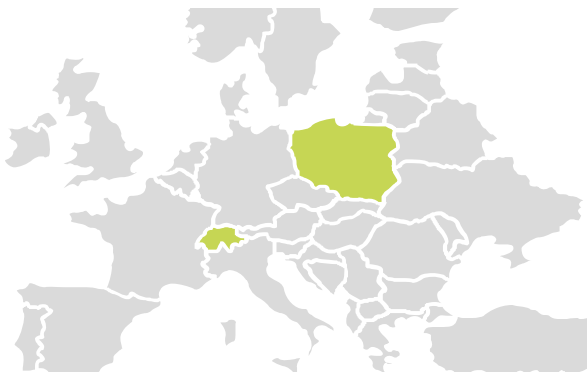


Stages of investment companies



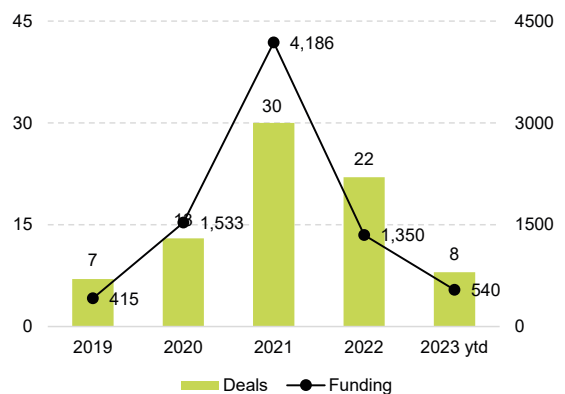
Source: Tracxn Technologies

Geography of the fund portfolio



Source: Crunchbase Inc.

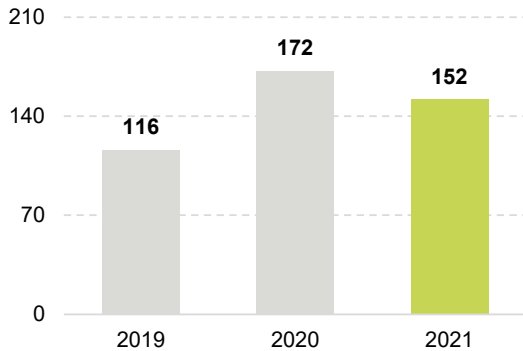
Investment activity of Mubadala Capital



Source: Crunchbase Inc.

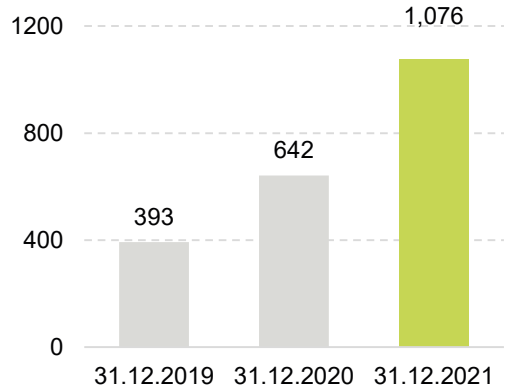
Glovo, the Spanish on-demand delivery startup has reached unicorn status after completing Series E financing. In December 2019, Mubadala, Abu Dhabi's sovereign wealth fund, together with Delivery Hero, Drake Enterprises and Lakestar, acquired a 16.7% stake for nearly \$167 mln. The company also acquired a \$1.5 bn stake in Glovo through its venture capital arm.

Revenue, M\$



Source: S&P Capital IQ

Assets, M\$



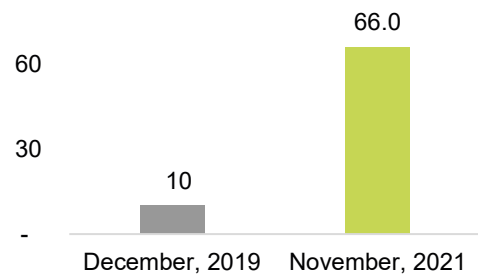
Source: S&P Capital IQ

The funds were raised to expand the Company's workforce, including engineers and product developers, as well as to expand into new territories.

Deal date	Value of share \$M	Доля, %	Seller	Buyer	Deal type	100% value \$M
19.12.2019	167	16.7%	Glovo	Mubadala Capital, Delivery Hero Ventures, Drake Group, Endeavor Brazil, IDInvest Partners, Lakestar	Series E investment	1,000
31.12.2021	2,600	39.4%	Mubadala Capital, Delivery Hero Ventures, Drake Group, Endeavor Brazil, IDInvest Partners, Lakestar	Delivery Hero	Corporate Majority	6,599

In December 2021, Delivery Hero acquired a 39.4% stake in Glovo for \$2.6 billion. Taking into account the previously held 43.8% stake, Delivery Hero became the majority shareholder of the Company and incorporated Glovo into the group of companies in the direction of q-commerce.

Company valuation since the investment of Mubadala, \$B



Source: S&P Capital IQ

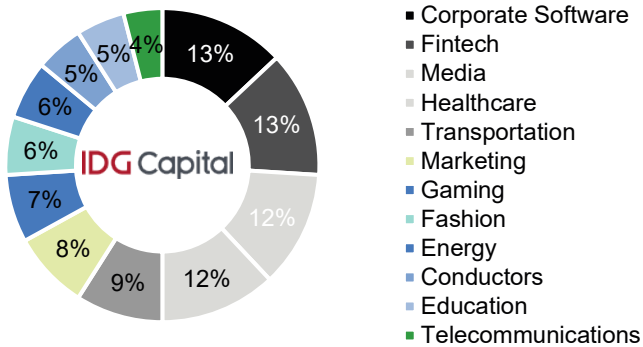
Emerging country experience – China

IDG Capital is a venture capital firm based in Beijing, China. The firm prefers to invest in seed, early-stage and late-stage companies. The firm also prefers to invest in growth-stage companies through buyouts.

Key fund indicators

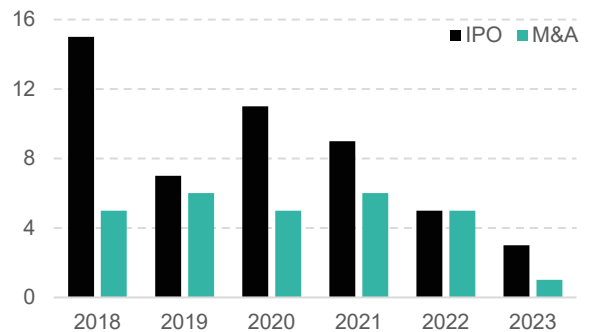
1993 Year of foundation
1,454 Investments
352 Exits
Beijing Location
\$568M AUM

Investments by sector



Source: Crunchbase Inc.

Fund exits

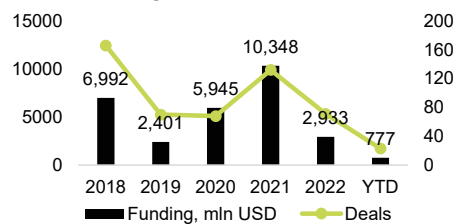


Source: Crunchbase Inc.

TOP-10 investments

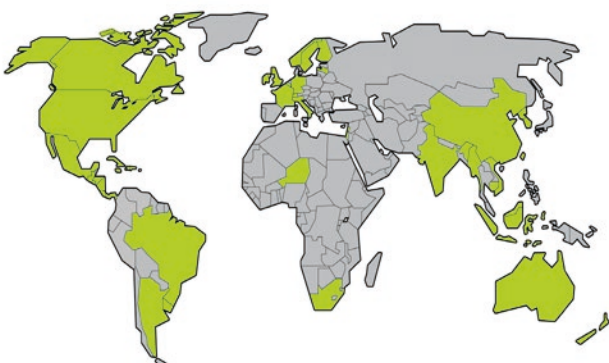


Investment activity of IDG Capital



Source: Crunchbase Inc.

Geography of the fund's portfolio

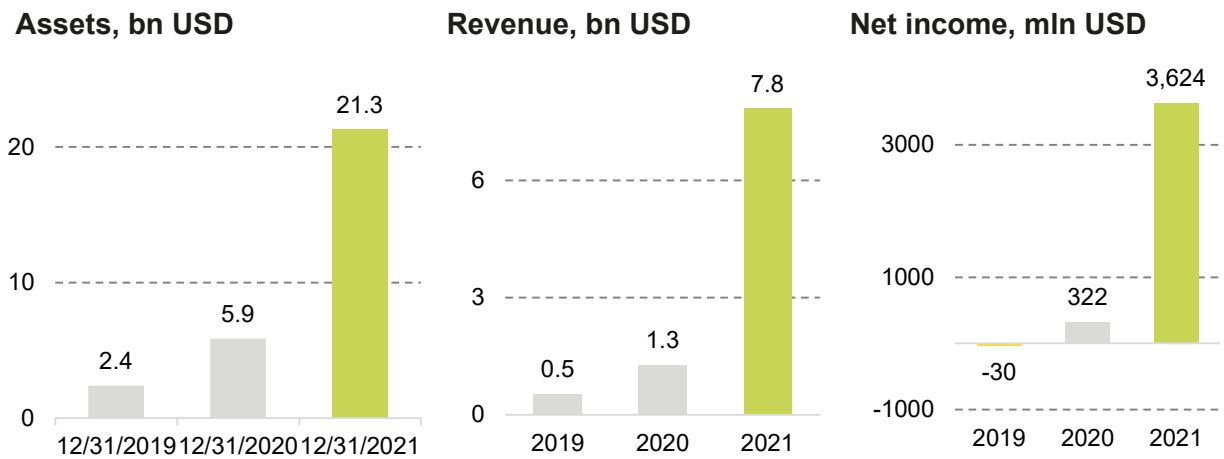


Stages of investment companies

Stage	Q-ty	%
Series A	251	35%
Series B	184	25%
Series C	76	10%
Angel	66	9%
Seed	63	9%
Early VC	31	4%
Series D	20	3%
Late VC	19	3%
Post IPO Equity	7	1%
Series E	5	1%
Growth equity VC	2	0%
ICO	2	0%

Source: CB Insight

IDG Capital was one of the first investors in Coinbase, an international cryptocurrency exchange, investing \$600,000 as an angel investment in 2012. Coinbase began its venture when the cryptocurrency market was still relatively niche and faced scepticism from traditional financial institutions. However, IDG realized the potential of blockchain technology and the Company's founders stepped in at a considerably early stage. IDG also participated in Rounds A and C with co-investors, investing \$6.1 mln and \$75 mln, respectively.

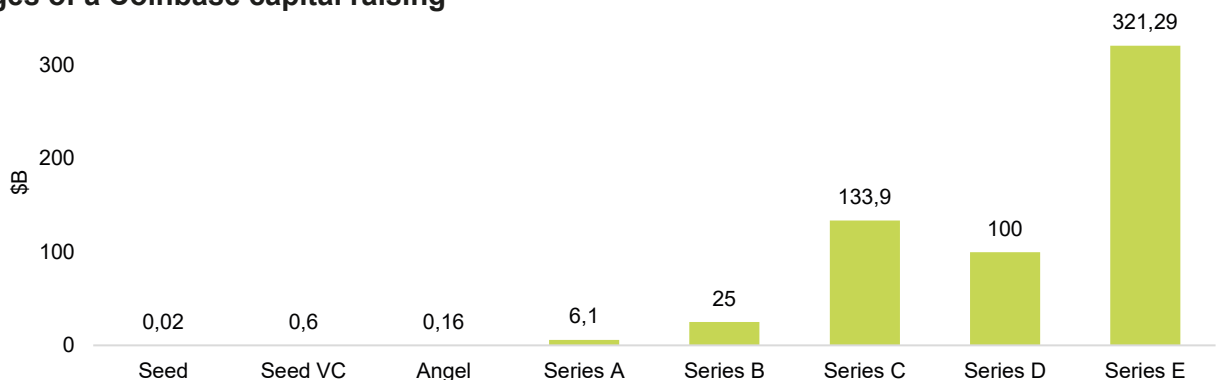


Source: S&P Capital IQ

Key indicators of the deal

Deal date	Round	Funding, \$M	Co-investors
09/01/2012	Seed VC (angel)	0.6	Andreessen Horowitz, Blockchain Capital, DFJ Growth Fund, Digital Currency Group, IDG Capital, NTT DoCoMo Ventures, NYSE, Propel Venture Partners, Ribbit Capital, Union Square Ventures и другие
05/16/2013	Series A	6.1	Digital Currency Group, FundersClub, IDG Capital, Interplay Ventures, Red Swan Ventures, Ribbit Capital, SV Angel, and Union Square Ventures
01/20/2015	Series C	75	Adam Draper, FundersClub, Garry Tan, Greg Kidd, IDG Capital, Ridge Ventures, and Start Fund
04/14/2021	EXIT	65,325	IPO

Stages of a Coinbase capital raising



Source: CB Insight

Coinbase went public with an IPO in 2021. Despite the significant decline in the cryptocurrency market in recent years, as of 02.10.2023, the Company had a market capitalisation of \$17.43 bn.

The stake held by IDG is **\$125.6 mln**, which even excluding partial exits shows a 2X investment growth.

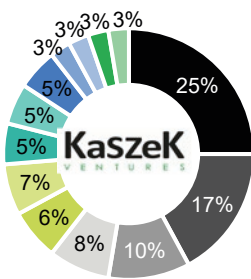
Emerging country experience – Brazil

Kaszek Management S.A. - is a venture capital fund investing in high-performing technology companies. The company is independent of industry and stage of development, mainly investing in seed, series A and series B projects.

Key fund indicators

1993 Year of foundation **240** Investments **44** Exits **Sao Paulo** Location **85** Portfolio companies

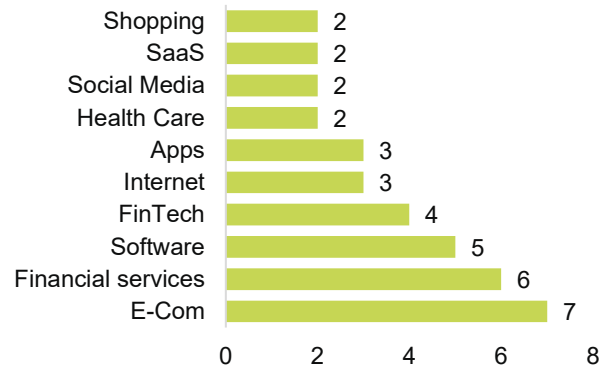
Fund investments by sector



- Retail
- Finance
- Auto-tech
- Insur-tech
- Logistics & transport
- Tourism & hospitality
- Development & real estate
- Blockchain

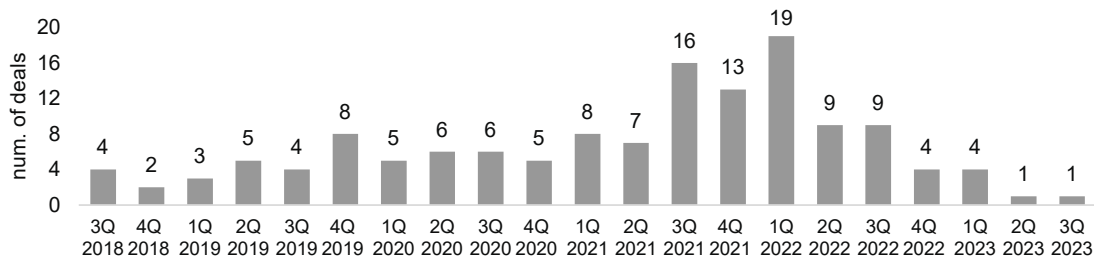
Source: Crunchbase Inc.

Fund exits by sector



Source: Crunchbase Inc.

Investment activities



Source: Crunchbase Inc.

Geography of the fund portfolio

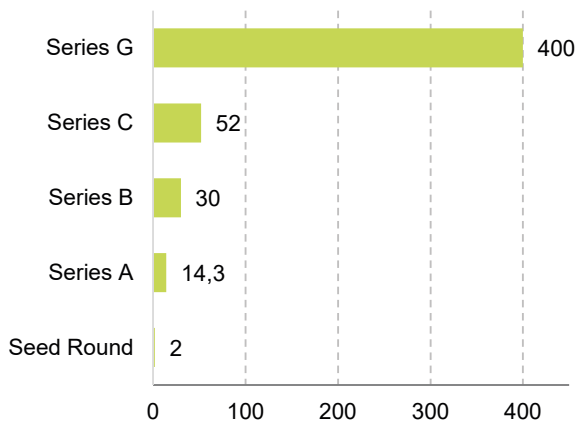


TOP-10 investments

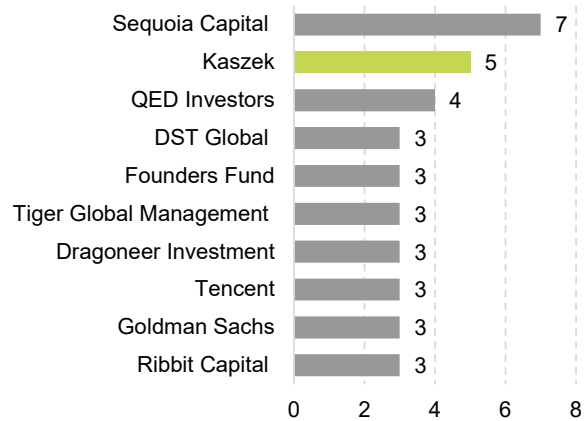


Nubank is the largest independent digital bank in the world (by number of customers), serving over 65 million customers, and is one of the most valuable fintech companies in the world. It has transformed Brazil's inefficient financial system into a regional and global player.

Stages of capital raising, M\$



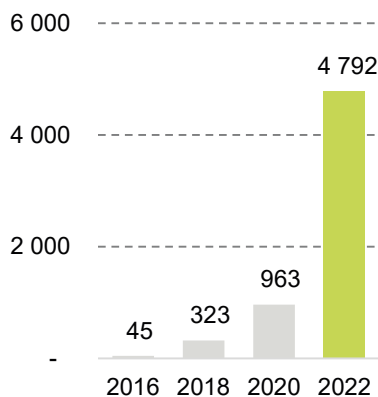
TOP-10 most active investors



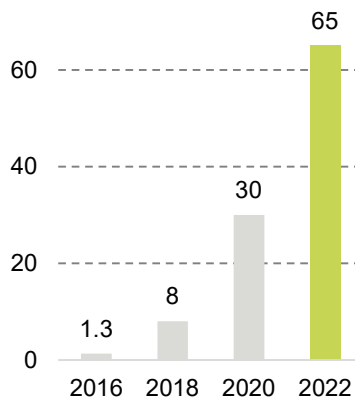
Kaszek invested \$1 mln in the seed round, gaining a 10 per cent stake in Nubank. Nubank has since raised more than \$2bn and reached a valuation of \$30bn in its latest funding round led by Berkshire Hathaway.

Key performance indicators of the Company since 2016

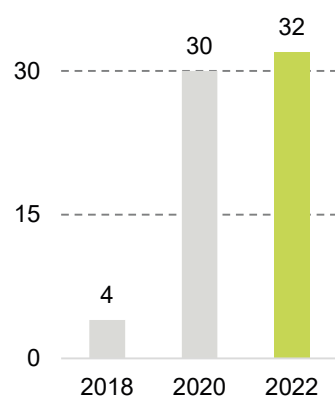
Revenue, \$M



Users, mln



Valuation, \$B



Source: S&P Capital IQ

Since its first round of investment, Nubank has **grown from a regional start-up to the largest neobank**. According to founder David Velez, the Kaszek fund believed in the idea when **Nubank was just a powerpoint**.

More recent investments by Kaszek have allowed the Company to enter the market in neighbouring countries like Mexico, Colombia and Brazil, demonstrating the potential of an international nature.

The valuation of Nubank has increased since 2018, showing a **growth of 8x**, which is one of the main indicators of the success of the investment.



CENTRAL ASIAN MARKET OVERVIEW



Central Asia

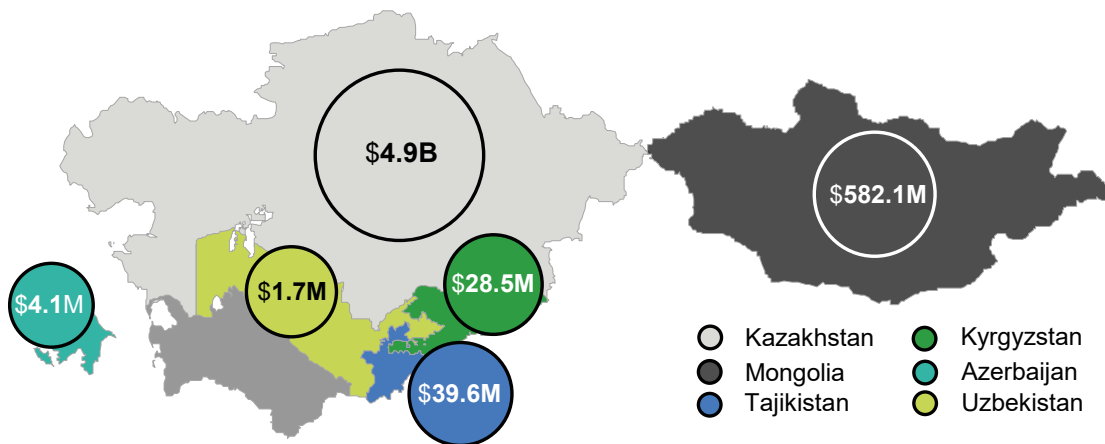
Central Asia is an appealing region for foreign investors due to its developing countries and nascent markets, which provide ample opportunities.

Factors of the region’s attractiveness:

- Rich natural resources
- Transit capacity
- High population

Risks:

- Most of the region’s economies are closed
- Political and currency risks
- Shortage of quality staff



As for private equity investments attracted to the region, Kazakhstan accounts for the largest share of 88.2%, while Mongolia’s share is 10.5%. PE investments in other Central Asian countries constituted about 1.3% of the total value of PE attracted over the last decade. For Turkmenistan, data are not publicly available due to the country’s closed nature.

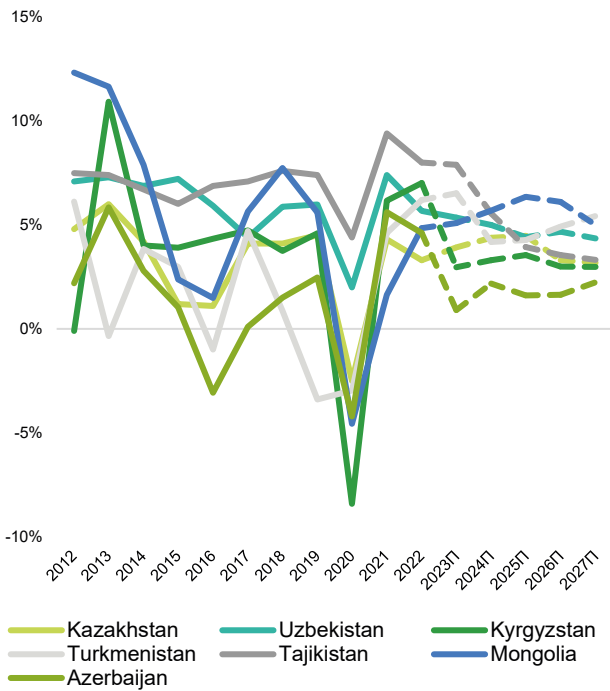
Disclosed transactions involving PEF and family offices amounted to more than \$5.5 bn during the same period. According to S&P Capital IQ, the internal investments accounts for the largest share of funds invested in Central Asia - \$3.9 bn (71% of total volume). The share of private equity attracted from the Middle East (\$613.3 mln) amounted to 11%. A similar share in the structure of raised capital amounted to investments from the United States (\$589.6 mln). The share of Europe accounted for 6% (\$311 mln), and 1% of PE investments flowed from Asia (\$71.2 mln).



We believe Central Asia is attractive due to its large young population, high mobile phone and internet penetration and the nascent development of the venture ecosystem which creates opportunities for startups to build market-leading positions

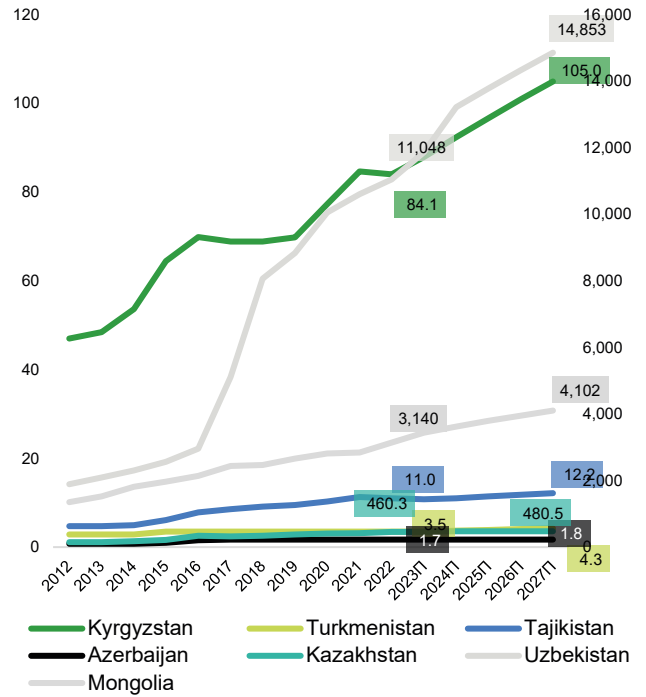
Robin Butler, Sturgeon Capital

GDP growth rates for CA countries, 2012-2022, forecast 2023-2027, %



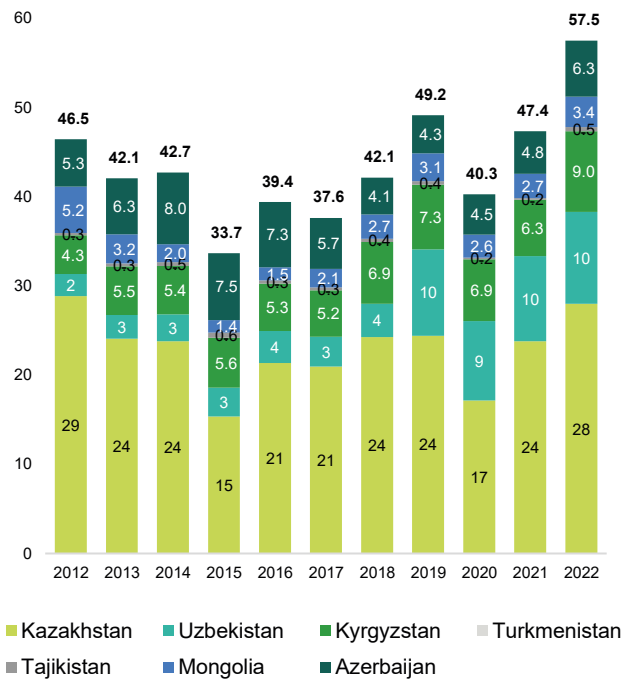
Source: S&P Capital IQ

Dynamics of CA Countries' National Currency to US Dollar Ratios, 2012-2032



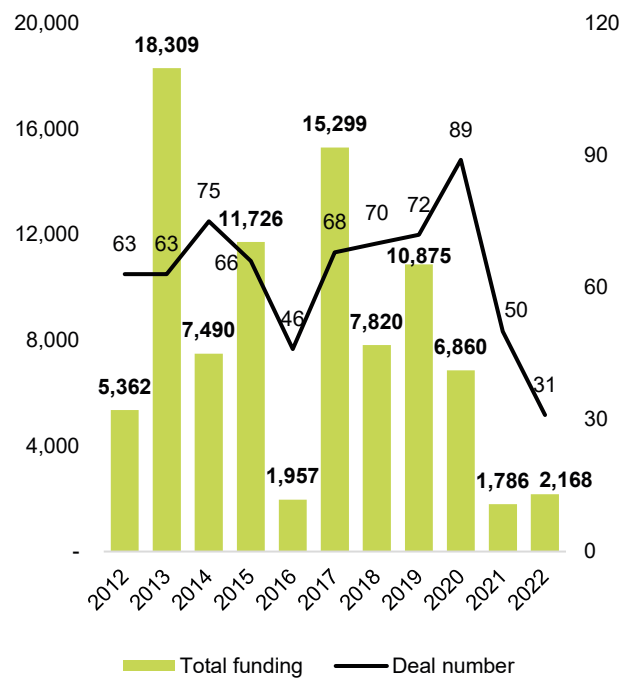
Source: S&P Capital IQ

FDI Dynamics by Central Asian Countries, 2012-2022, \$B



Source: S&P Capital IQ, NB RK, State websites of CA countries

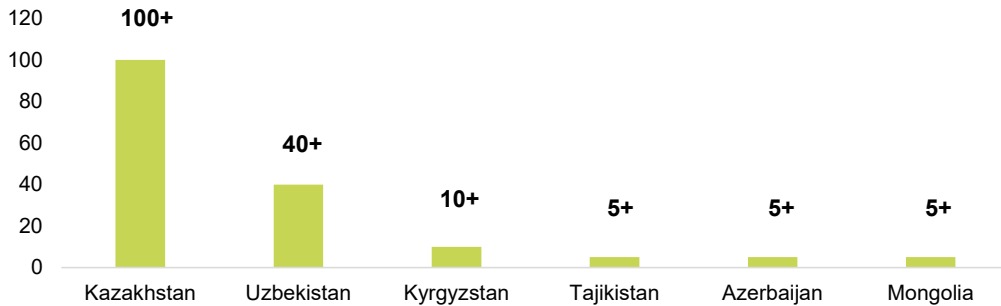
Dynamics of Private equity investments in Central Asia, 2012-2022, \$M



Source: S&P Capital IQ

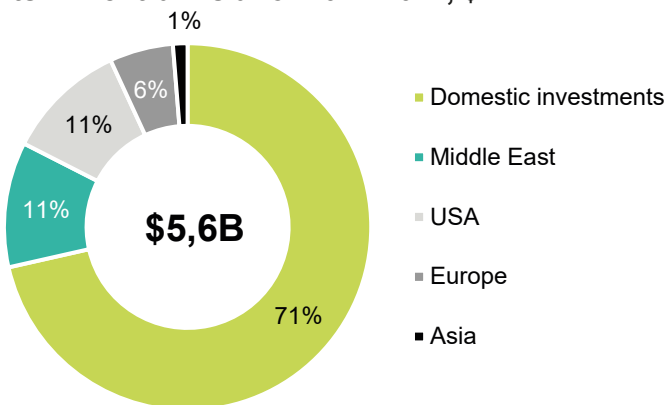
Owing to the region’s low market transparency, open-source data cannot provide a representative insight. In addition, it is noteworthy that individual mega deals, such as Kaspi.kz IPO (\$1B), has the propensity to skew the perception of the investment climate in the area.

Number of Private Equity Funds



Source: open source

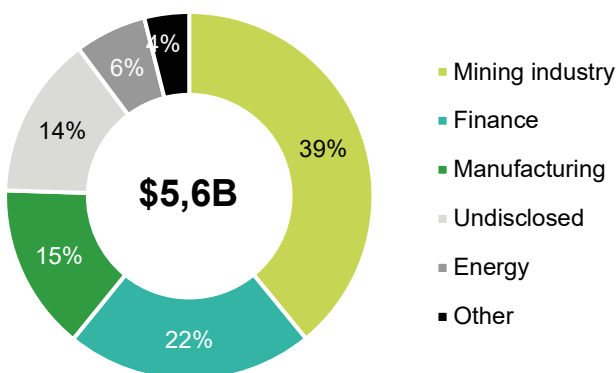
Regional breakdown of private equity investments in Central Asia for 2012-2022, \$M



Source: S&P Capital IQ

According to S&P Capital IQ, the internal investments accounts for the largest share of funds invested in Central Asia - \$3.9 bn (71% of total volume). The share of private equity attracted from the Middle East (\$613.3 mln) amounted to 11%. A similar share in the structure of raised capital amounted to investments from the United States (\$589.6 mln). The share of Europe accounted for 6% (\$311 mln), and 1% of PE investments flowed from Asia (\$71.2 mln).

Sectoral breakdown of direct investments in Central Asia for 2012-2022, \$M



Source: S&P Capital IQ

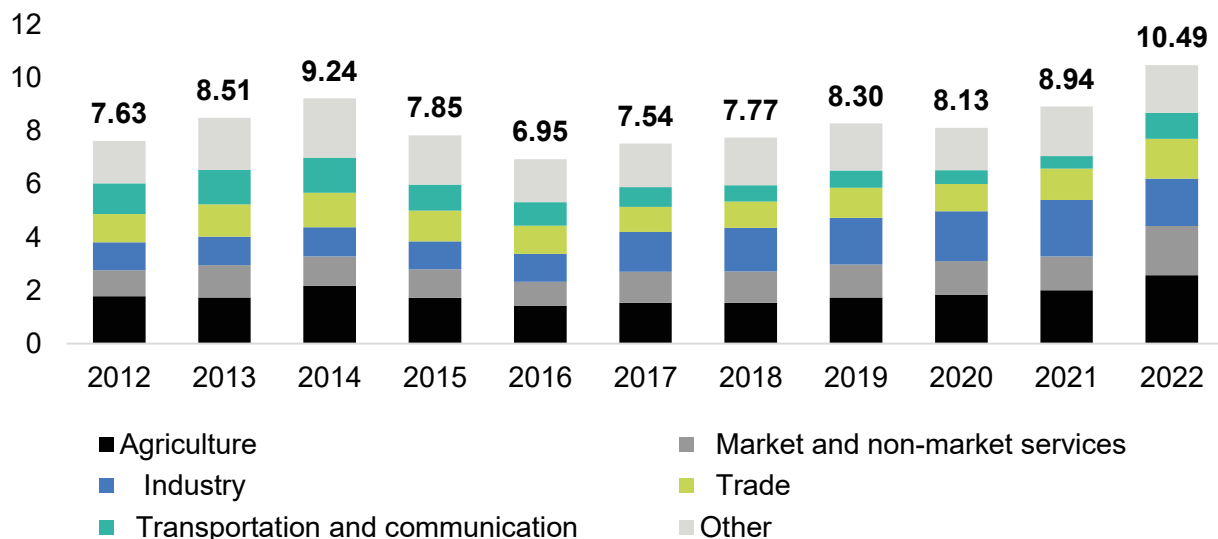
The most attractive industry for private equity, according to retrospective data presented in S&P Capital IQ, is the mining sector (over the last decade, \$2.2 bn was raised in this sector). The financial sector attracted \$1.2 bn, while investments in the manufacturing sector amounted to \$814 mln.

Republic of Tajikistan



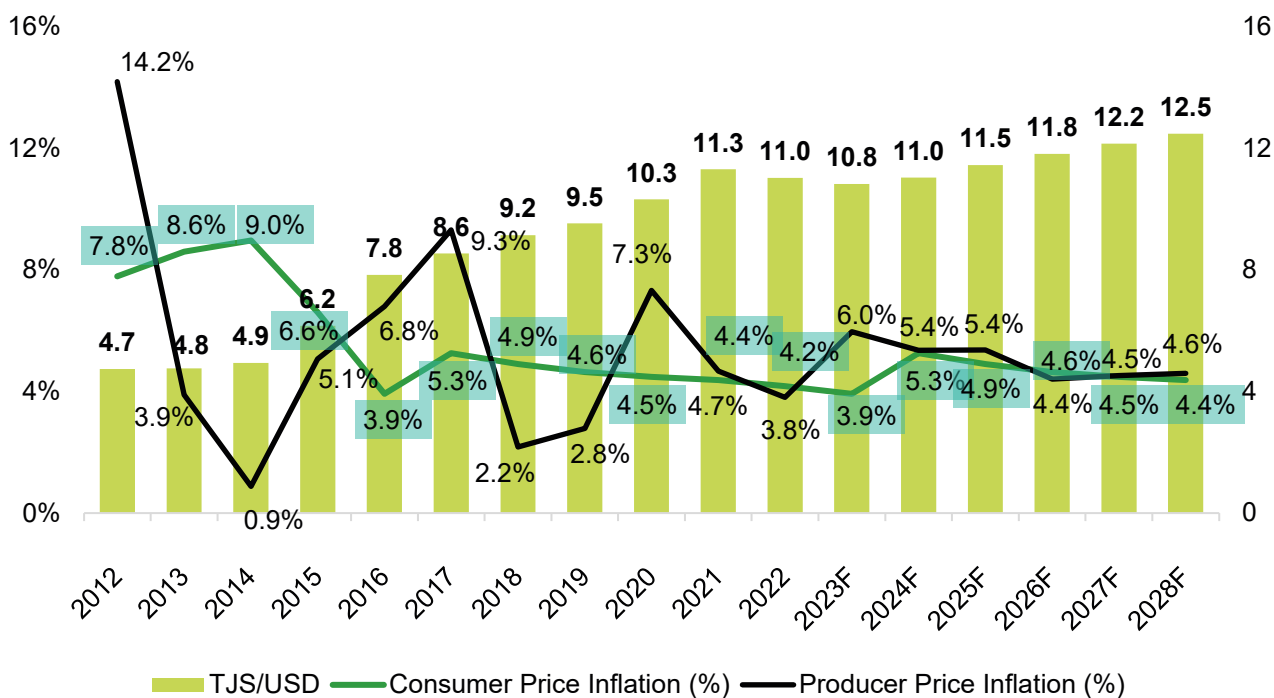
According to the Tajik Statistics Agency, the country's nominal GDP was \$10.49 bn at the end of 2022. Economic growth in Tajikistan has been strong over the past two decades, averaging 7.6% per year until 2019, before the pandemic (COVID-19) reduced growth in 2020. Since 2007, growth has been driven mainly by capital accumulation with high public investment, while private investment has played a negligible role. However, the heavy reliance on public investment has led to a public debt crisis. From 2012 to 2022, nominal GDP growth averages 4% per year.

GDP dynamics by sector from 2012 - 2022 bn USD



Source: Statistical Agency under the President of the Republic of Tajikistan

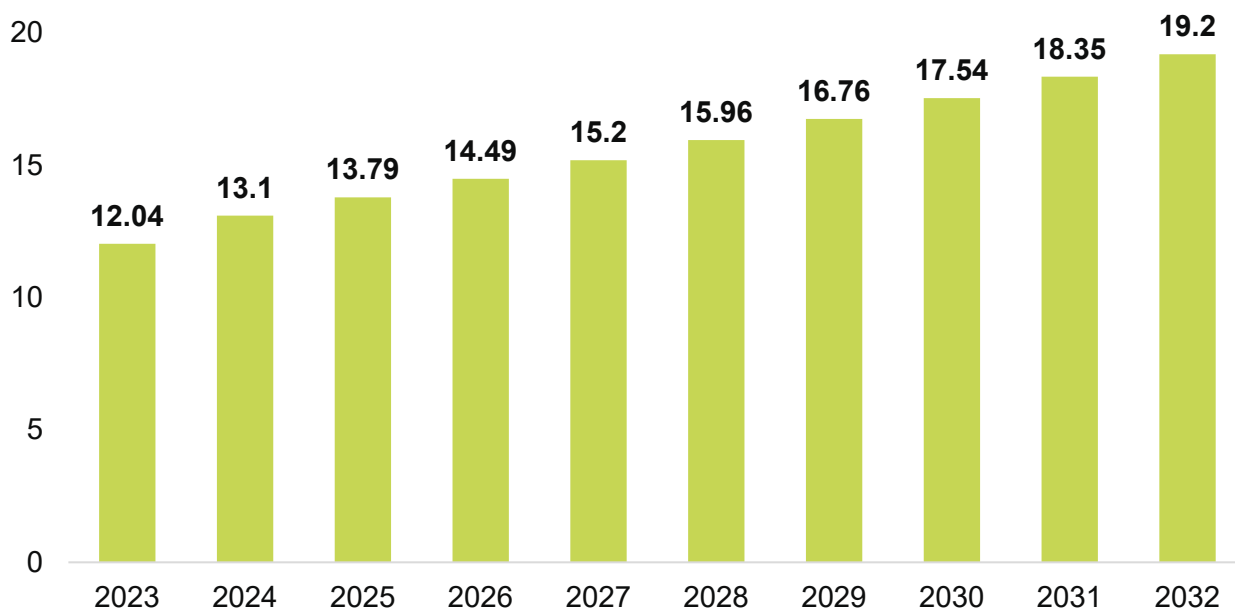
Dynamics of inflation and USD exchange rate (TJS/USD) between 2012 - 2022



Source: S&P Capital IQ Pro

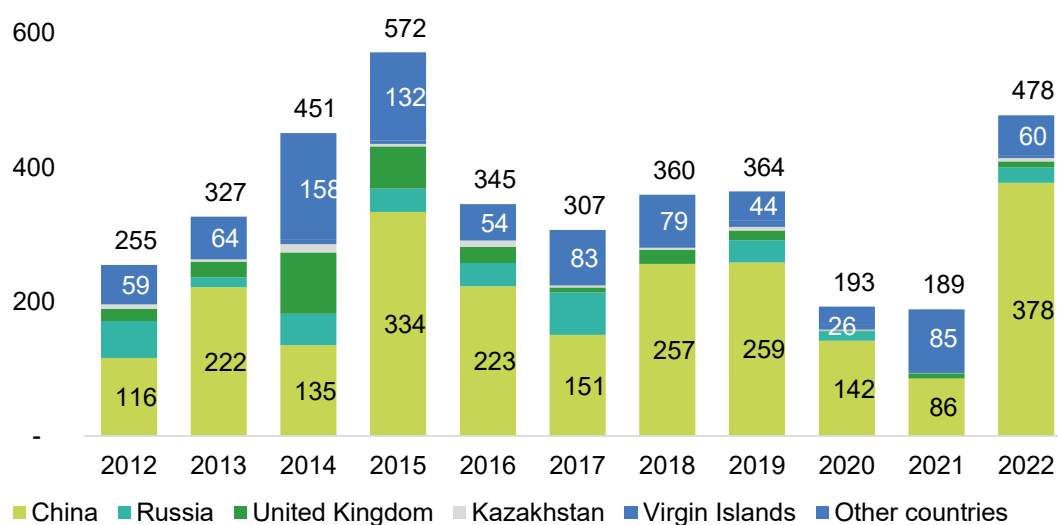
According to the 2022 results, the rate of consumer price inflation in Tajikistan was 4.2%. The change in the price index of industrial products in 2012-2022 was characterised by significant volatility. This indicator showed significant growth in 2020 as a result of the effects of the pandemic. According to the analytical agency S&P Capital IQ Pro, the inflation forecast in the country until the end of 2023 will be at the level of 6.0%, which is due to the depreciation of the national currency combined with the weakening of the Russian ruble, a further increase in consumer loans, higher wages of civil servants and pensions.

Nominal GDP forecast, bn USD



Source: S&P Capital IQ Pro

FDI in the Republic of Tajikistan, mln USD



Source: Statistical Agency under the President of the Republic of Tajikistan

Tajikistan remains relatively dependent on foreign direct investment, humanitarian aid and grants from international organisations and partner countries. According to the Statistical Agency under the President of Tajikistan, total FDI inflows between 2010 and 2022 was around \$3.8 bn. Despite the historical focus of foreign investors on the mining sector, the country is seeking to diversify its economy into manufacturing.

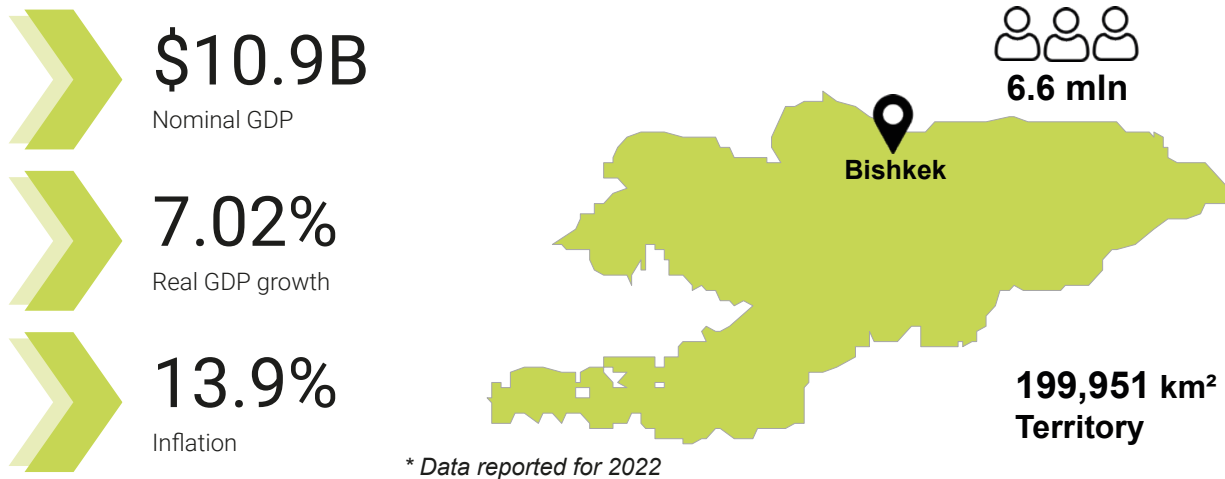
Key players in PE market



Initiatives:

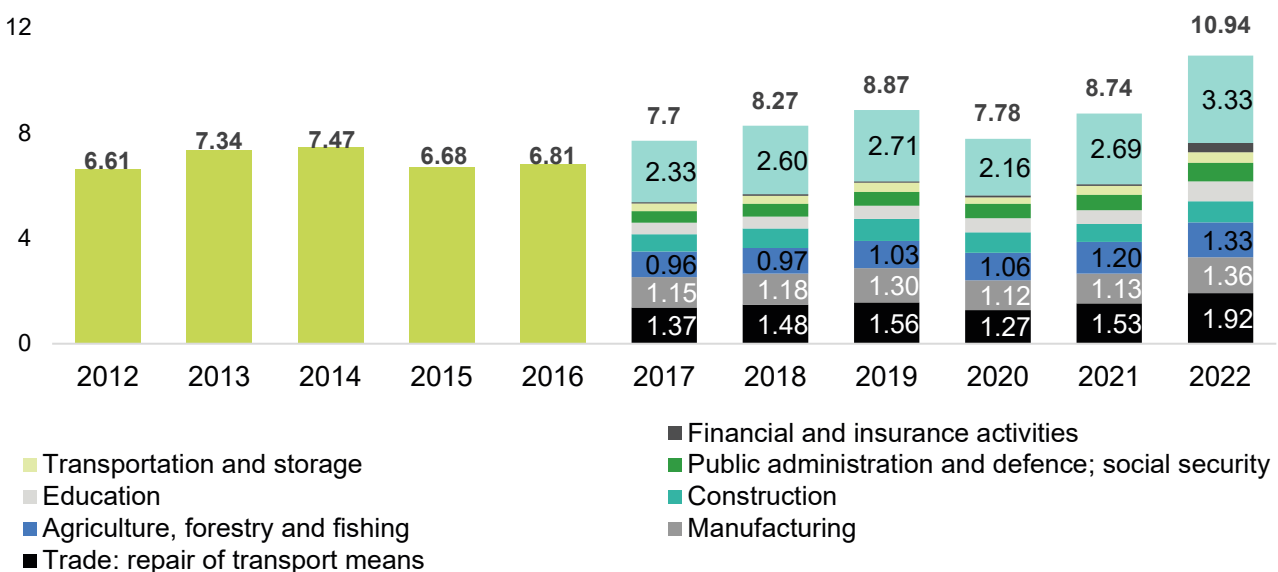
- Free Economic Zones: Tajikistan has 4 FEZs, which offer special conditions for both local and international investors.
- Despite excessively bureaucratic procedures, there is a process of improvement in the procedures for establishing and structuring companies.
- The legal framework for foreign investors continues to develop and provides for the protection of foreign investors' rights and property.
- Public-private cooperation is encouraged by government, particularly in the energy, transport, infrastructure and health sectors.
- Investors are supported through support mechanisms, sectoral incentives and improved access to finance.

Kyrgyz Republic



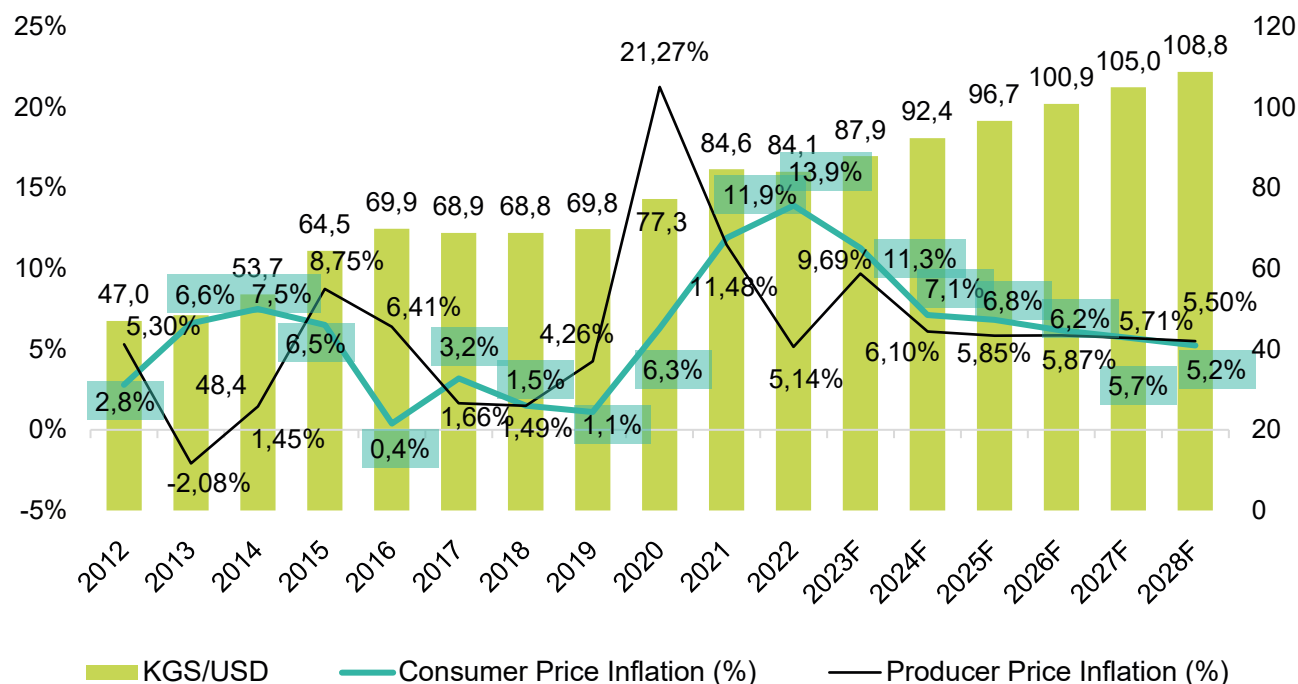
According to the National Statistics Committee, by the end of 2022, the country's nominal GDP amounted to \$10.94 bn, with real GDP growth of 7.02% compared to the previous year. From 2012 to 2022, the average annual growth of nominal GDP was 5.7%. According to the country's Prime Minister, in conditions of economic instability and uncertainty, a number of international institutions had previously predicted a decline in GDP in Kyrgyzstan. Despite these projections, the Kyrgyz economy showed positive momentum throughout the period. GDP growth was driven by growth in wholesale and retail trade. In addition, the negative impact of the war was mitigated by the unforeseen migration of labour and capital from Russia to Kyrgyzstan.

GDP dynamics by sector since 2012 to 2022, bn USD



Source: National Statistical Committee of the Kyrgyz Republic

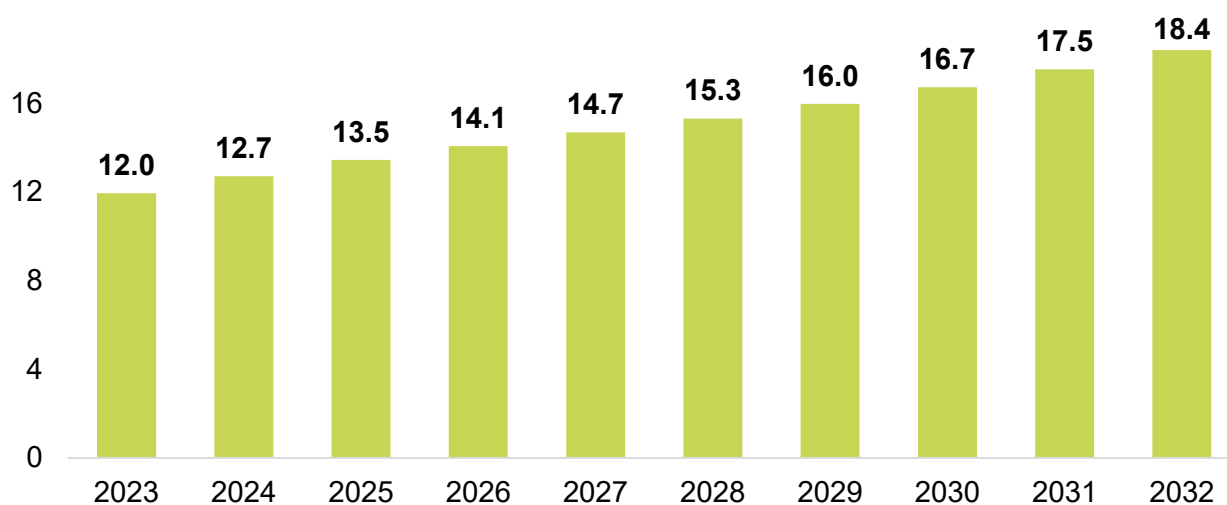
Inflation and USD (KGS/USD) exchange rate dynamics since 2012 to 2022



Source: S&P Capital IQ Pro

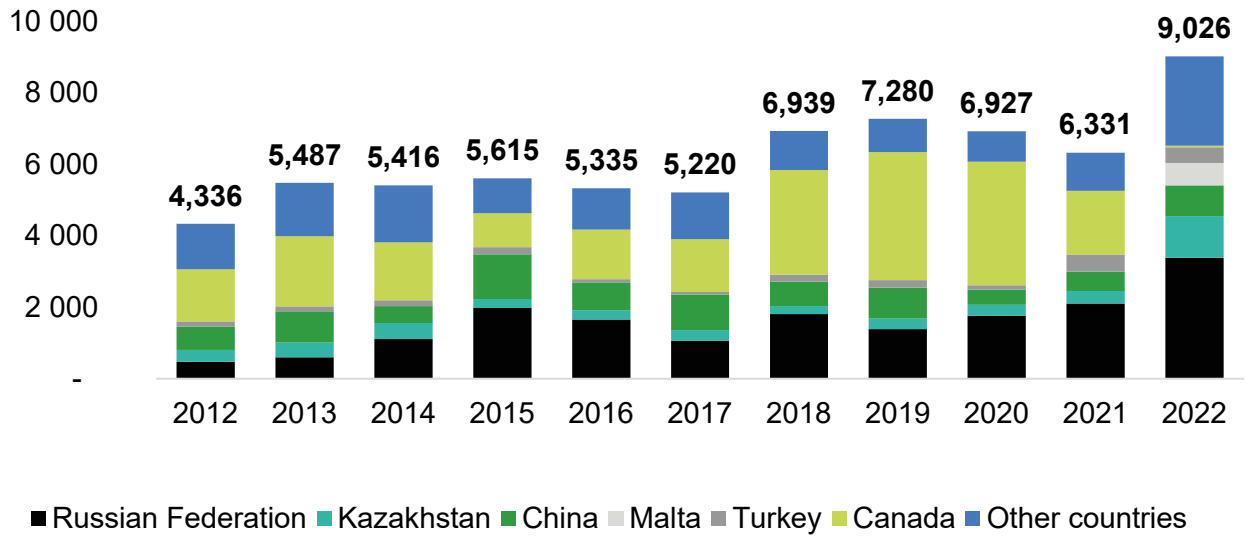
During the period since 2012, the consumer price inflation rate (goods and services) reached its maximum value in 2022, the indicator amounted to 13.9%, against the consequences of the complicated geopolitical situation in the region. The change in the price index of industrial products in 2012-2022 was characterised by significant volatility. In 2020, this indicator reached its maximum value of 21.3%, largely due to the impact of the pandemic.

Nominal GDP forecast, bn USD



Source: S&P Capital IQ Pro

FDI in the Republic of Kyrgyzstan, mln USD



Source: National Statistical Committee of the Kyrgyz Republic

Main players of the PE market in Kyrgyzstan

- Highland Capital
- Kyrgyzinvestholding
- Camco Co
- Nur-Invest
- Global Securities Kyrgyzstan
- Forum-Invest
- Ala-Too-Invest
- Bereke-Invest

Initiatives:

Benefits and preferences for foreign investments

- The Kyrgyz Republic has established a relatively liberal legislative framework for the protection of foreign investors' rights.

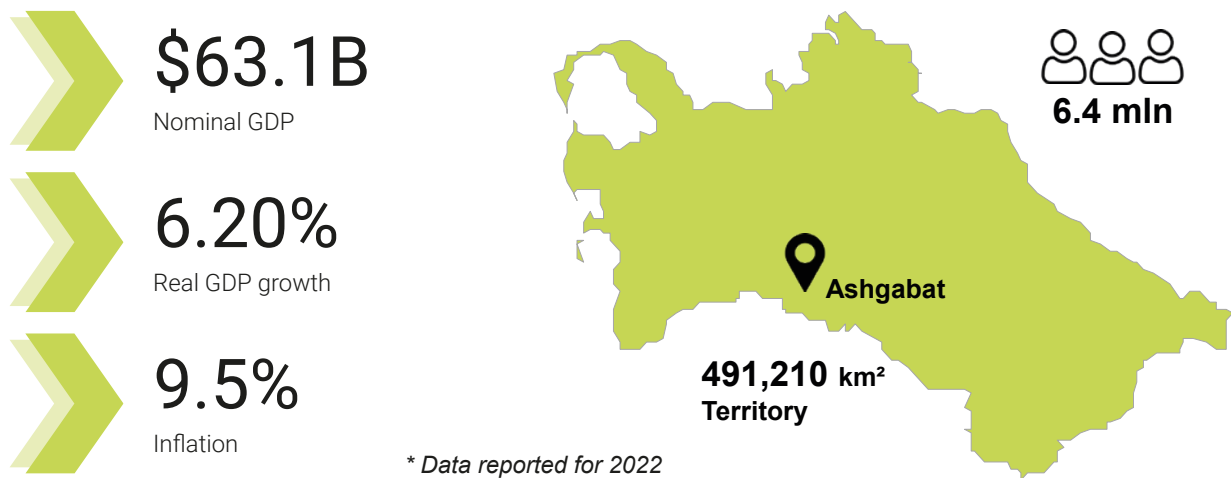
Bilateral relations

- Currently, the Kyrgyz Republic is a party to bilateral agreements on mutual support, promotion and protection of investments with more than 20 countries, including such countries as the USA, Germany, Switzerland, Kazakhstan, Russia, China, India, South Korea, the UK and others.

Free Economic Zones

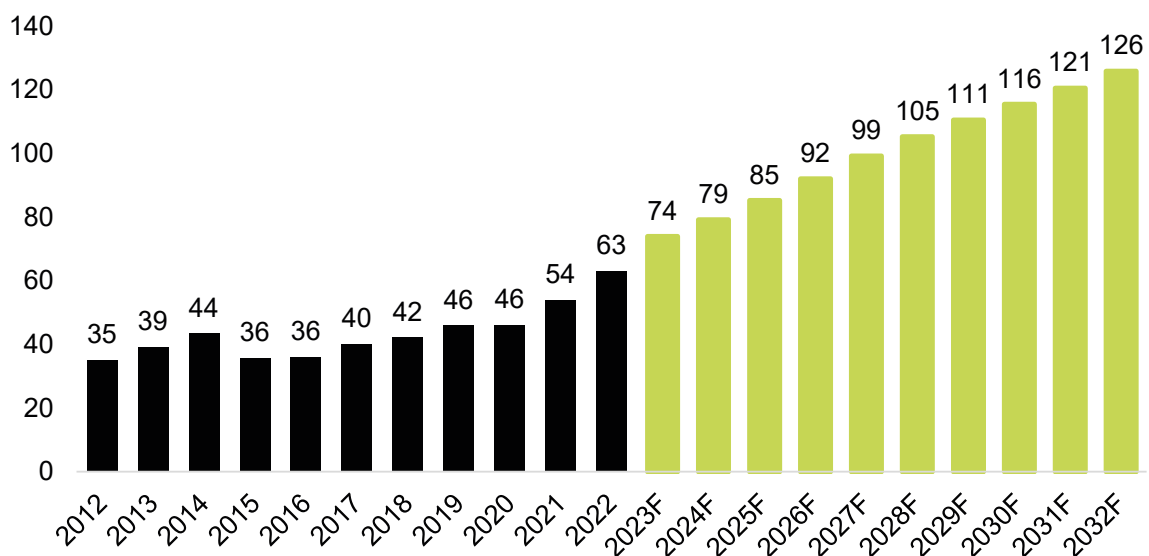
- The Kyrgyz Republic has many schemes to promote and facilitate exports, including free economic zones. Free Economic Zones provide special customs privileges for exporting and importing companies.

Republic of Turkmenistan



According to Capital IQ Pro analytical data, by the end of 2022, the country's nominal GDP amounted to \$63bn, with real GDP growth of 6.2% against the previous year. Between 2012 and 2022, real GDP growth rate averaged at 2% per annum, which is slightly lower than the performance of the countries in the region.

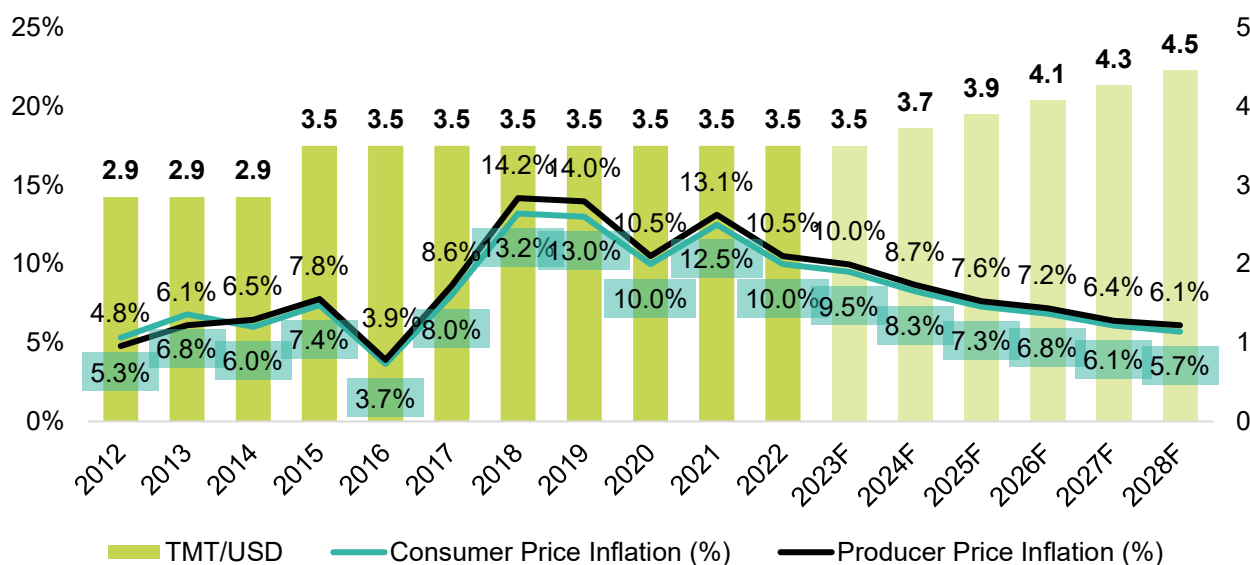
GDP dynamics by sector from 2012 to 2022, bn USD



Source: S&P Capital IQ Pro

The change in the price index of industrial and consumer products in 2012-2022 characterized significant volatility. In 2022, this indicator amounted to 10.5% and 10%, respectively. According to S&P Capital IQ, inflation in Turkmenistan will continue to decelerate in the coming years due to the expected lifting of global restrictions following the COVID-19 pandemic, higher energy prices and the stimulation of local production.

Dynamics of inflation and USD exchange rate (TMT/USD) from 2012 to 2022



Source: S&P Capital IQ Pro

Due to the closed country policy in Turkmenistan and the particularly low transparency of the market, open sources are limited.

Initiatives:

Legislative framework for foreign investors

- Turkmenistan has started to develop a legal framework to protect the rights of foreign investors. The Turkmen authorities have made significant progress in improving the country's investment attractiveness. This process mainly concerned the business environment and the legislative and regulatory framework. Special attention has also been paid to reducing the statistical and tax reporting burden.

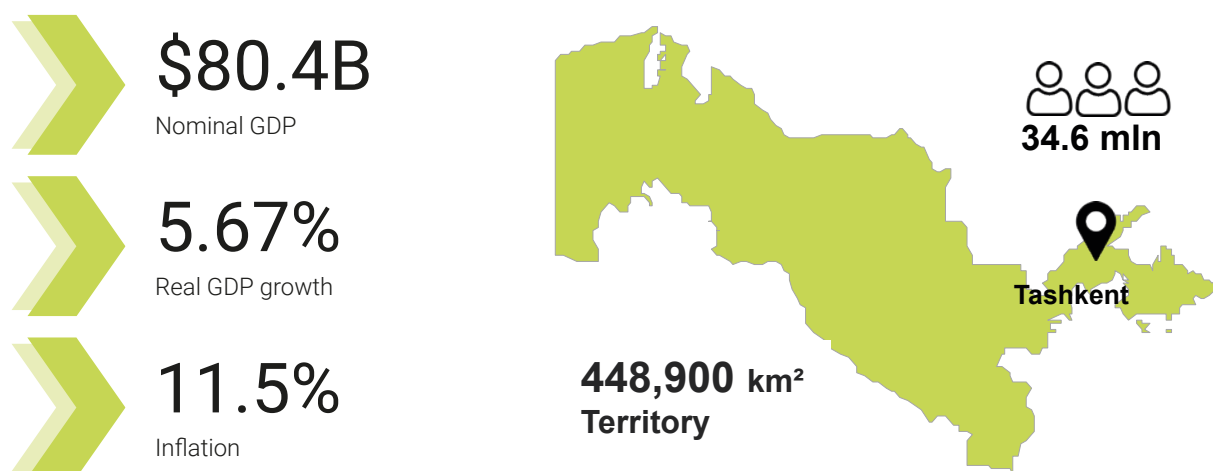
Stock Exchange

- One of the drivers of attracting investment into the economy is the Ashgabat Stock Exchange, which was established in 2016. At the legislative level, the country has all the necessary means to attract investment.

Collaboration with other countries

- Turkmenistan is actively building cooperation with other countries to make the country attractive for investment.

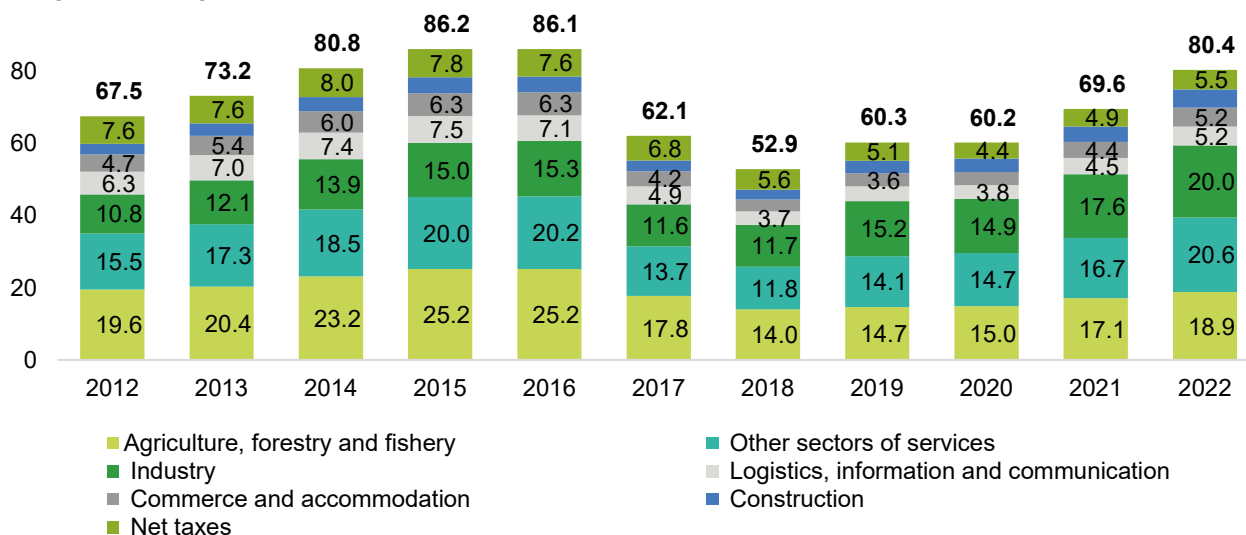
Republic of Uzbekistan



* Data reported for 2022

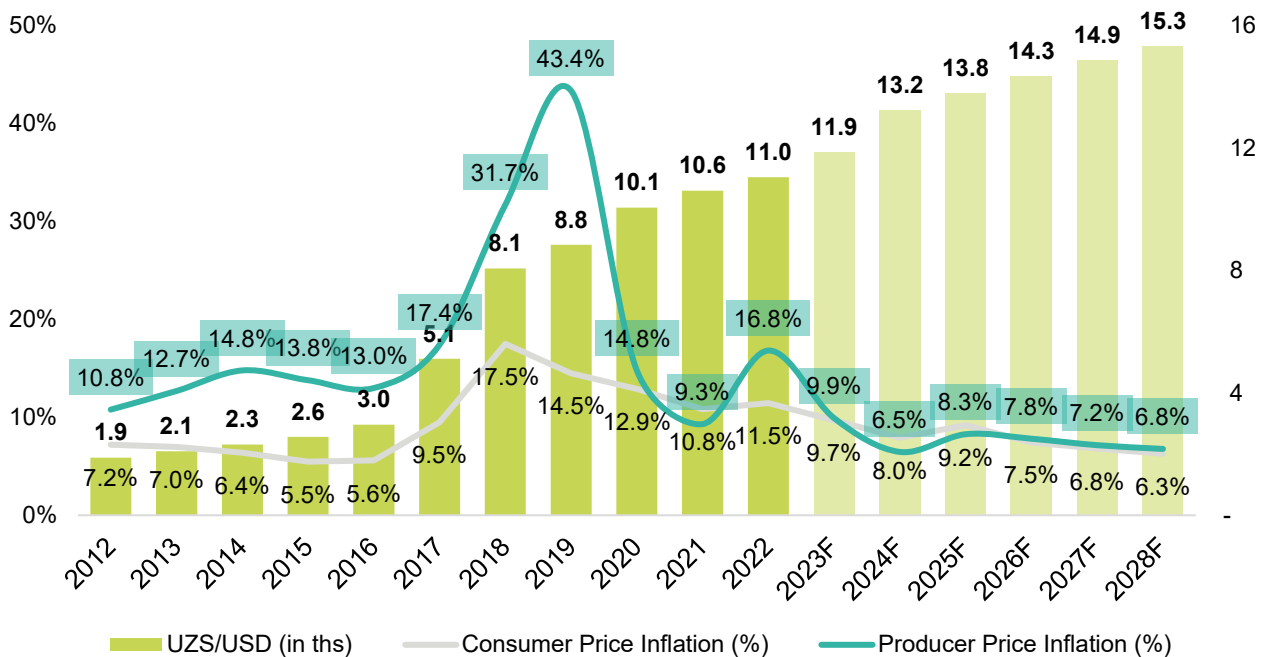
Over the past decade, Uzbekistan's economic growth has been achieved through the country's self-sufficient economic regime. A favourable price environment for the country's exports and remittance inflows have helped reduce the current account deficit from \$4.8bn in 2021 to \$511mln in 2022, supporting the economy after the effects of the military conflict in Ukraine. Although the economy is still dominated by state-owned enterprises, the government is introducing initiatives to support the private sector and entrepreneurship in the country.

GDP dynamics by sector since 2012 to 2022, bn USD



Source: Statistical Agency under the President of the Republic of Uzbekistan

Dynamics of inflation and exchange rate of US dollar (UZS/USD), 2012 - 2022

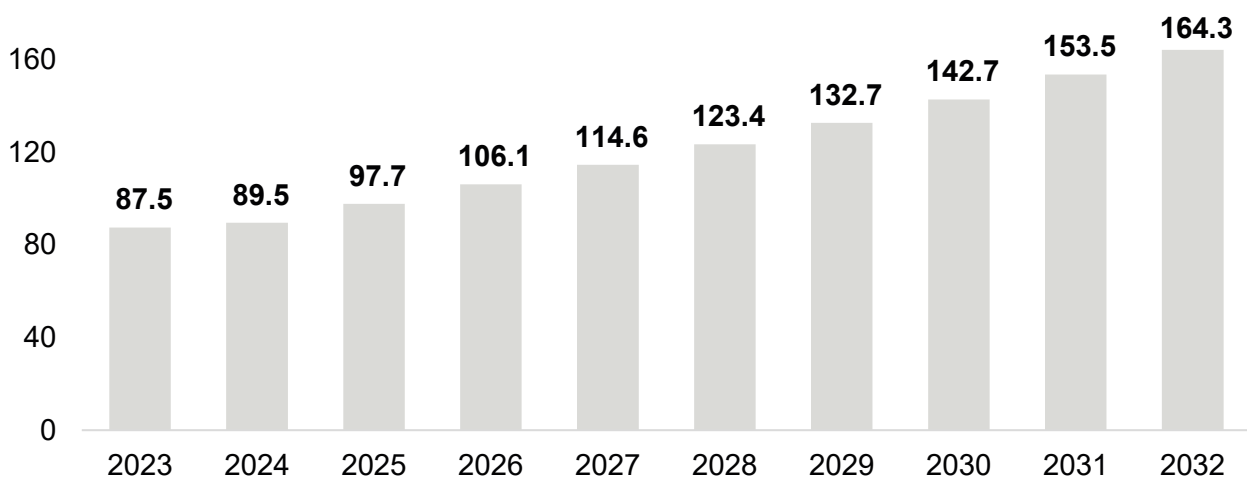


Source: S&P Capital IQ Pro

Since 2012, the consumer price index has shown significant growth due to the devaluation of the Uzbek som and the unstable economic situation in the world in recent years. The depreciation of the currency in 2022 occurred against the backdrop of the devaluation of the national currencies of trading partners, which negatively affected foreign exchange earnings.

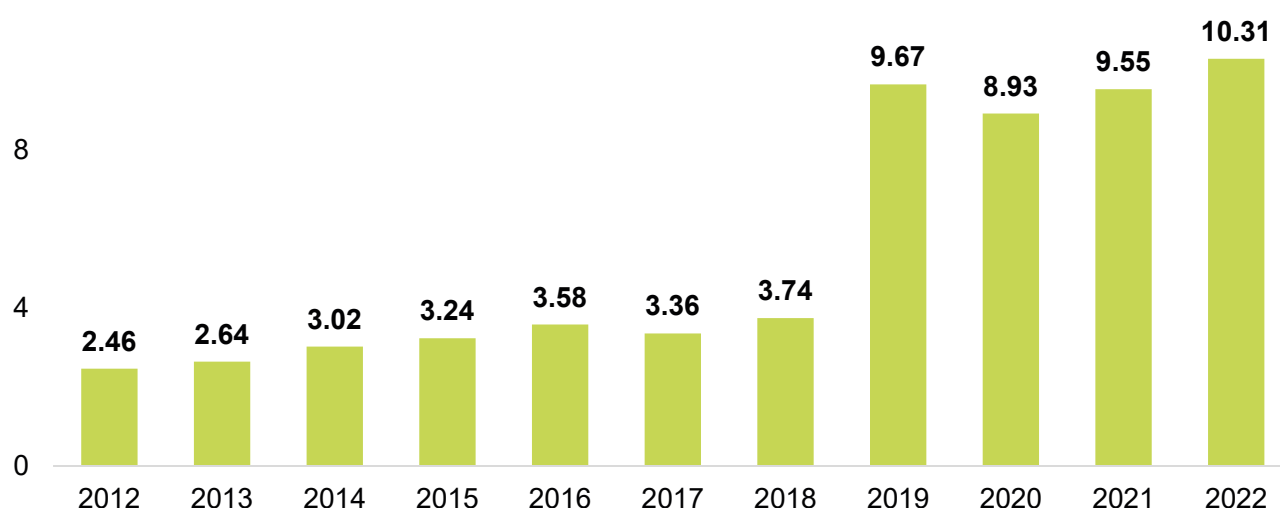
According to S&P's forecasts, the country's GDP is expected to grow steadily over the next decade, in line with the government plans. President Shavkat Mirziyoyev noted that Uzbekistan plans to increase economic growth by 1.5 times and GDP to at least \$100bn by 2026.

Nominal GDP forecast, bn USD



Source: S&P Capital IQ Pro

Dynamics of foreign direct investment, bn USD



Source: Statistical Agency under the President of the Republic of Uzbekistan

Key players in the PE market



ANSHER CAPITAL

UOIC
UZBEK-OMAN INVESTMENT COMPANY

Initiatives:

- The venture capital market is developing dynamically with government support to stimulate entrepreneurship and innovative solutions.
- Activities to attract international funds are actively pursued.
- There is a legal framework to protect investors' rights, including guarantees against nationalisation and changes in legislation.
- The investor's taxable profit is reduced by the amount of funds used for modernisation and technical re-equipment of production, as well as for repayment of loans obtained for these purposes and reimbursement of the cost of the leased asset.
- Privileges in the form of VAT and customs duty exemptions and property tax reductions.
- Uzbekistan has strengthened the protection of minority investors by clarifying the ownership structure.

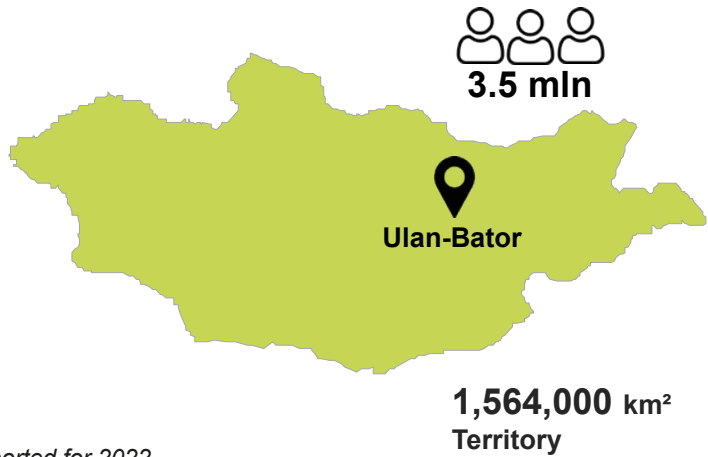
Republic of Mongolia



\$17.1B
Nominal GDP

4.85%
Real GDP growth

15.2%
Inflation

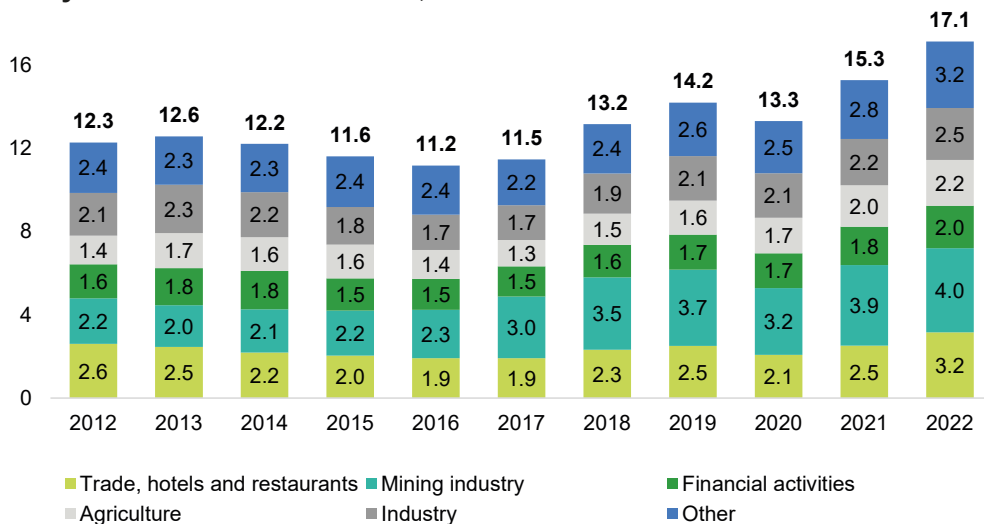


** Data reported for 2022*

Mongolia's economy is still in the early stages of development compared to its neighbours. The government is focusing on increasing trade turnover at the expense of natural resources. Although 90% of the country's exports are coal and copper to China, oil and gold deposits are being actively developed and have the potential to contribute up to 30% of the country's GDP according to ADB analytics.

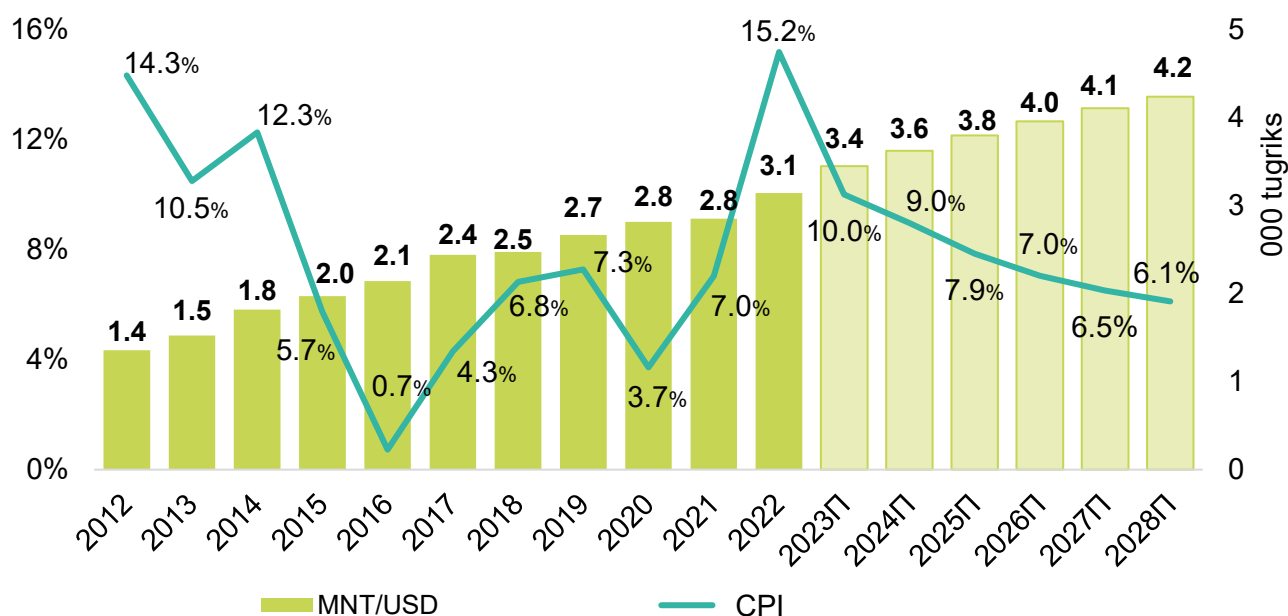
At the end of 2022, Mongolia's external debt stood at 50.1% of GDP, highlighting the government's reliance on external financing. Since 2012, the country has focused on stabilising the economy, reducing public debt and budget deficits, and mitigating sharp business cycles. To achieve these goals, the Mongolian government is supported by the International Monetary Fund.

GDP dynamics by sector from 2012 – 2022, bn USD



Source: National Statistical Office of Mongolia

Dynamics of inflation and the exchange rate of the US dollar (MNT/USD), 2012 – 2022

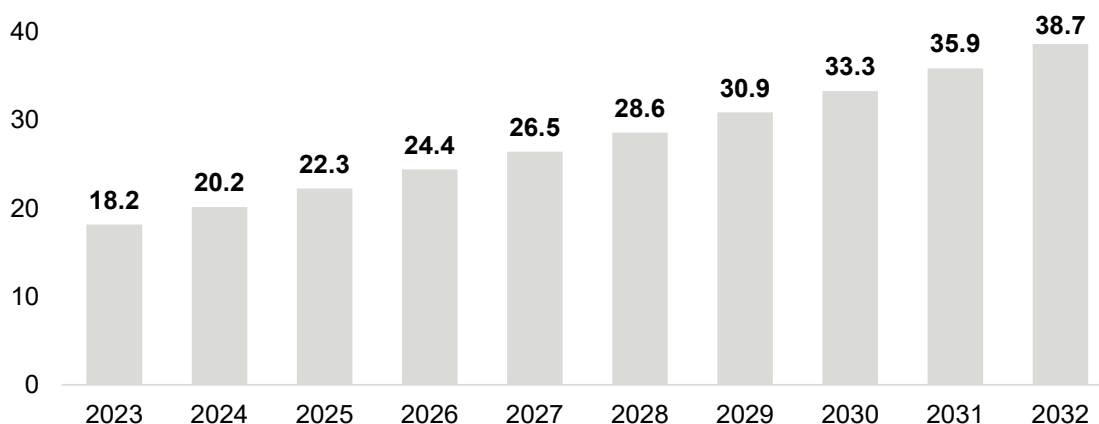


Source: S&P Capital IQ Pro

The level of the consumer price index has shown significant jumps since 2012. Despite government initiatives and the use of international reserves to reduce inflation, instability has persisted. However, experts predict a gradual decline in the CPI in the coming years. Over the past decade, the exchange rate of the Mongolian tugrik against the dollar has more than doubled, reflecting the country’s high dependence on imports and the unstable economic situation of its main partners, especially Russia.

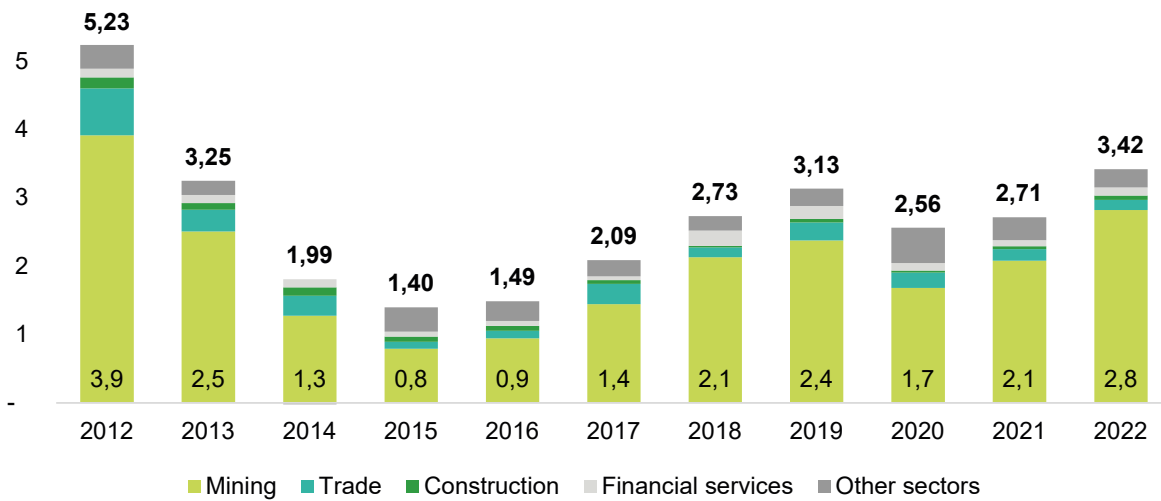
S&P analysts forecast stable GDP growth at an average annual rate of 3.64% over a 10-year horizon. The main drivers of GDP growth could be the development of mineral resources and an increase in foreign direct investment.

Nominal GDP forecast, bn USD



Source: S&P Capital IQ Pro

Dynamics of foreign direct investment, bn USD



Source: National Statistical Office of Mongolia

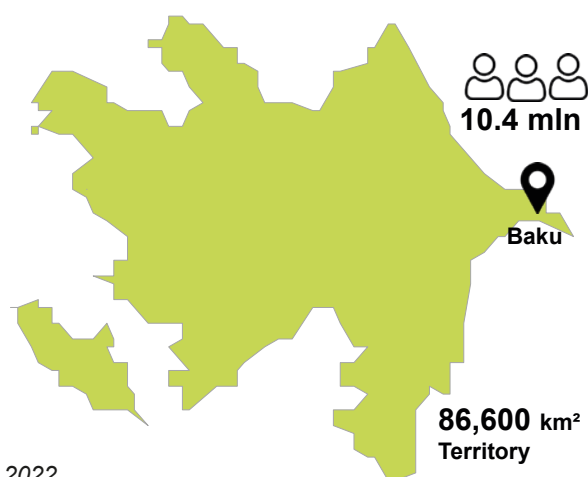
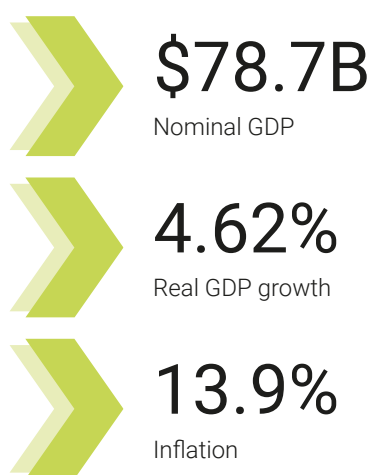
Key players in the PE market



Initiatives:

- Mongolia has 3 FEZs (Free Economic Zones) on the borders with Russia and China, expanding opportunities for regional development of companies.
- The country continues to move away from the oil needle, stimulating the development of other sectors.
- A developing legal framework for foreign investment, covering investor protection and guarantees.
- Long-term tax incentives: exemption from CIT, customs duties, VAT and production tax for up to 27 years.
- Public-private co-operation
- The government supports cooperation between public and private companies.
- Increased attention from investors from China and the Asia-Pacific region.

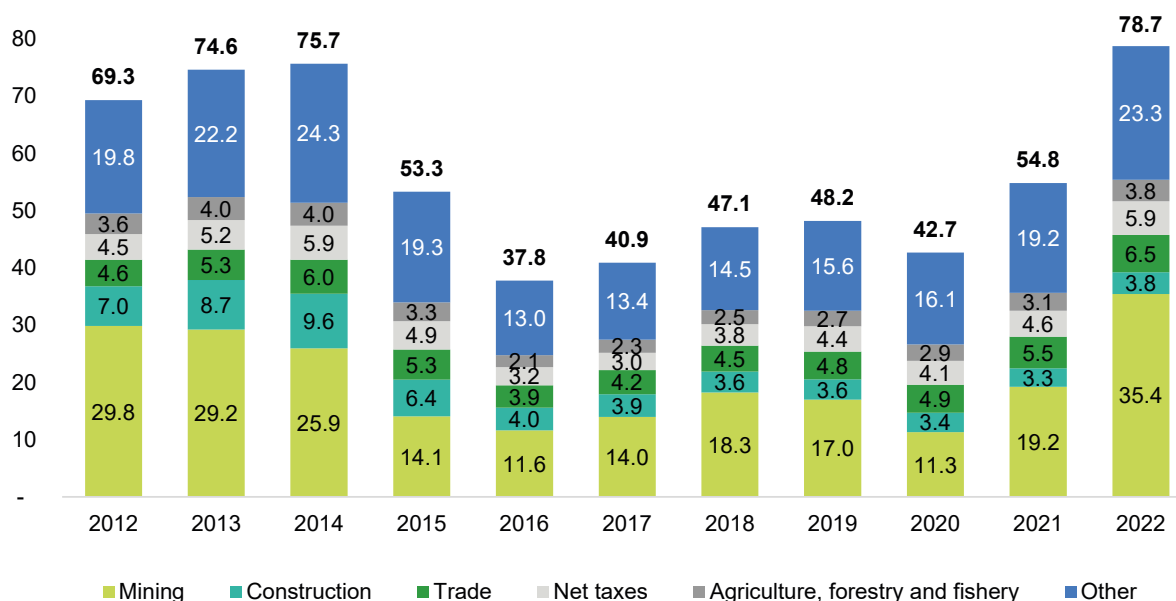
Republic of Azerbaijan



* Data reported for 2022

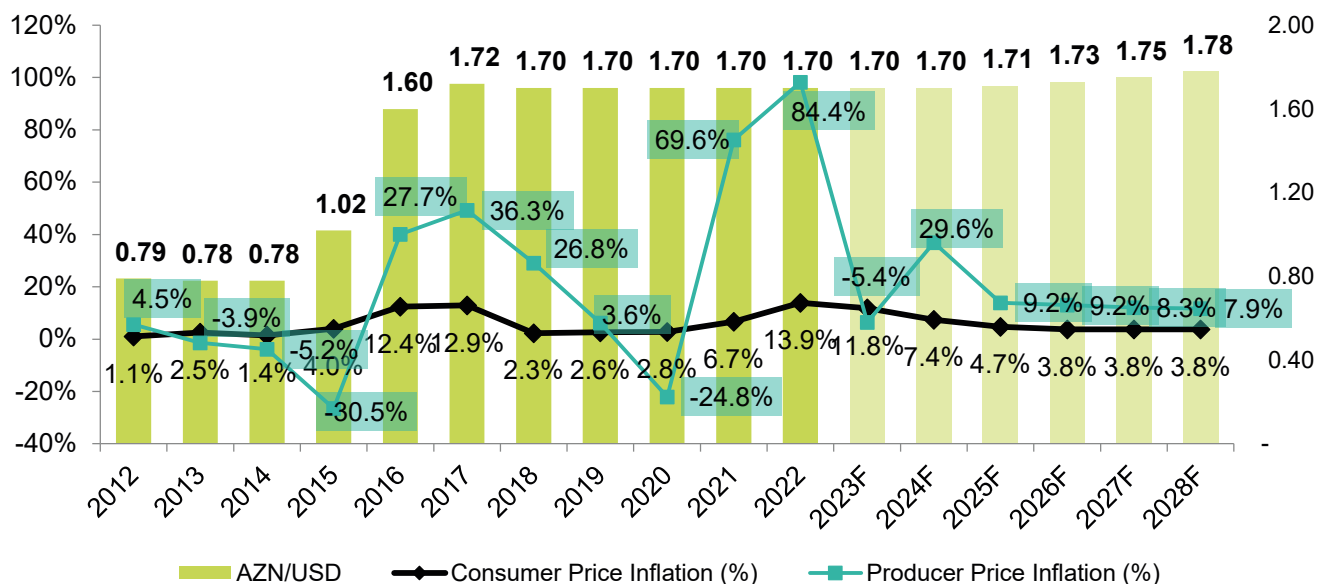
Azerbaijan has a fairly developed economy with a dynamically growing market. Located on the shores of the Caspian Sea, the country has large hydrocarbon reserves, the export of which accounts for the largest share of GDP. The average annual GDP growth rate from 2012 to 2022 was 10.01%, which is quite high compared to its neighbours. Azerbaijan is also actively developing its industry with government support. As the economy adjusts to the post-pandemic period, the country is significantly increasing its foreign trade turnover and achieving a surplus.

GDP dynamics by sector since 2012 to 2022, bn USD



Source: State Statistics Committee of Azerbaijan

Dynamics of inflation and USD (AZN/USD) exchange rate, 2012 – 2022

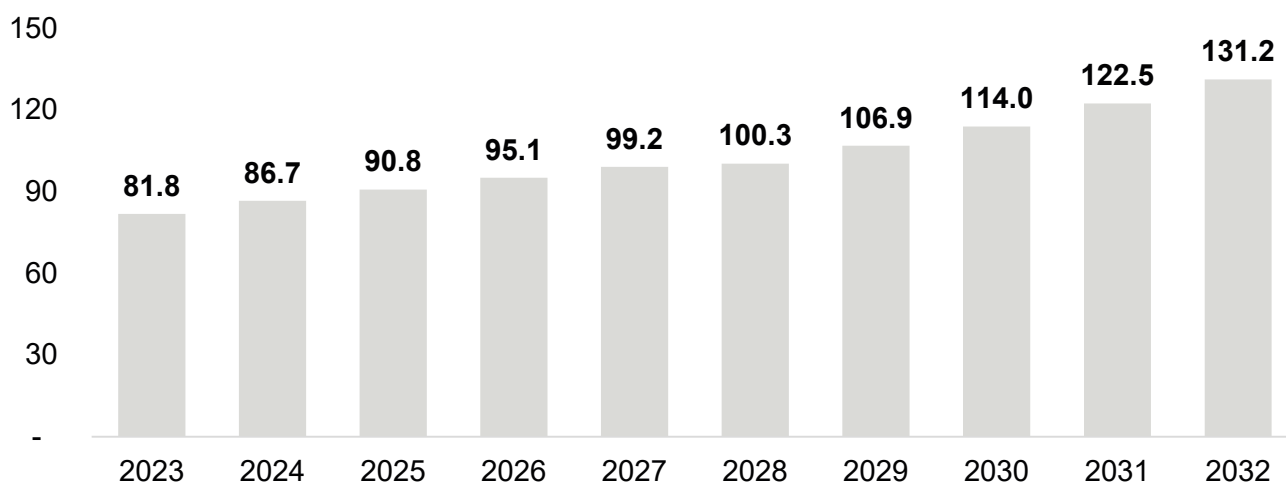


Source: S&P Capital IQ Pro

Since 2012, consumer price inflation has shown significant fluctuations and a general upward trend. In 2016, a sharp increase in inflation was due to the devaluation of the national currency. Spikes in the CPI were also observed during the pandemic, followed by the consequences of the military conflict in Ukraine. Azerbaijan’s national currency is the manat, which depreciated significantly in 2015 following the transition to a floating exchange rate regime. However, the manat exchange rate has been stable since 2017.

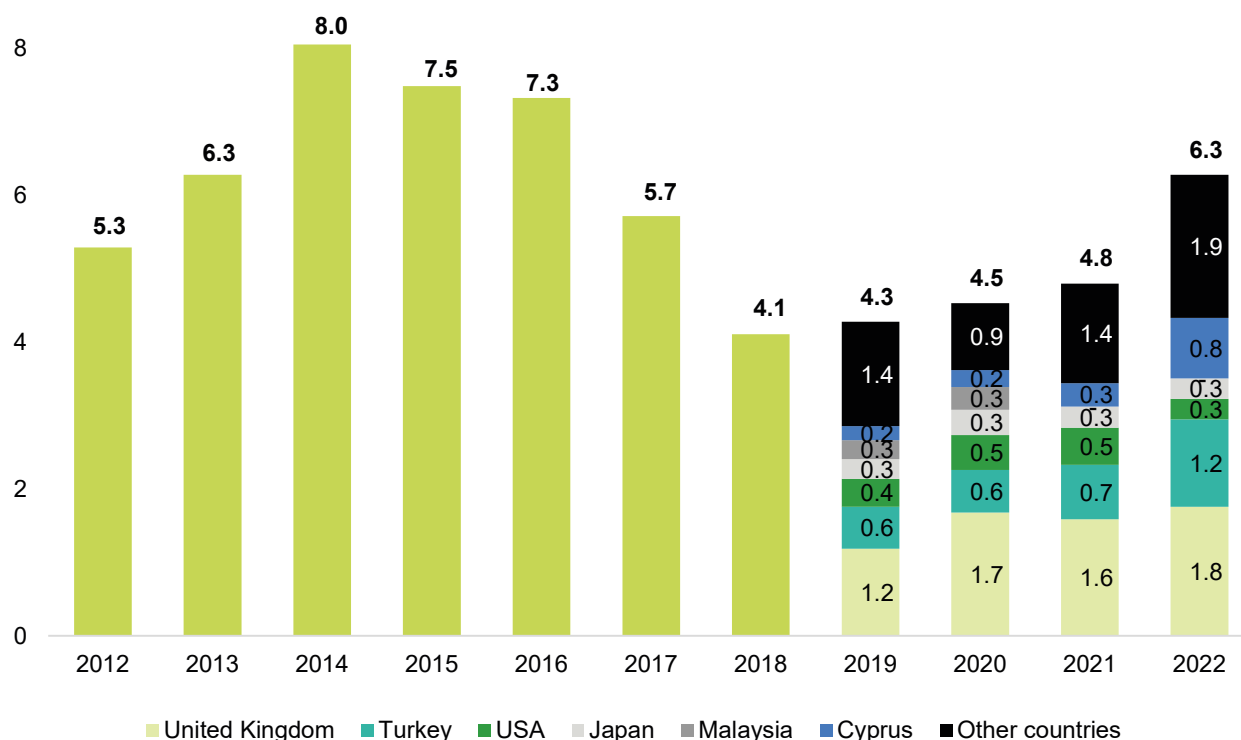
S&P’s experts forecast stable GDP growth in Azerbaijan in the near future, driven by government development programmes and cooperation with other countries.

Nominal GDP forecast, bn USD



Source: S&P Capital IQ Pro

Dynamics of foreign direct investment, bn USD



Source: State Statistics Committee of Azerbaijan

Key players in PE market



Initiatives:

- Stimulating economic diversification by supporting non-oil sectors of the economy.
- Improvement of legislation to protect the rights and property of foreign investors
- Issuance of investment certificates for non-oil sectors, which provides exemption from: 50% CIT, 100% land tax and 100% customs duties.
- Creation of FEZs (Free Economic Zones) to increase the country's investment attractiveness.
- Establishment of a Technology Park to support entrepreneurship, innovative solutions and startups in the country.



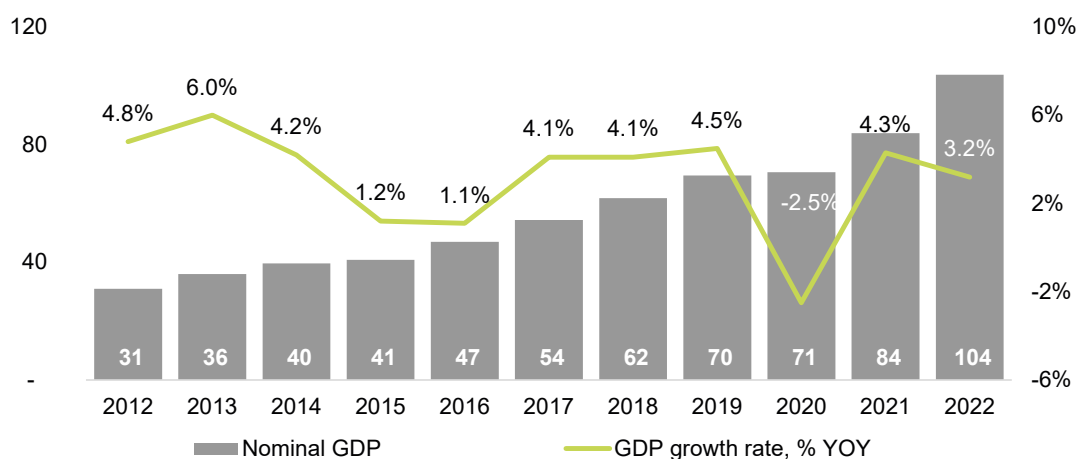
2 Macroeconomic review of Kazakhstan in 2012-2022



Dynamics of macroeconomic indicators

According to the Bureau of National Statistics of the Republic of Kazakhstan, by the end of 2022, the country's nominal GDP amounted to KZT104 trln, with real GDP growth of 3.2% against the previous year. From 2012 to 2022, the cumulative average annual growth rate of nominal GDP was 13% (from KZT31 to KZT104 trln). In 2020, there was a negative real GDP growth rate (-2.5% to the previous year), which is due to the impact of the pandemic with an accompanying decline in the services, transportation and trade sectors, but already in 2021 and 2022 there is a recovery in growth rates.

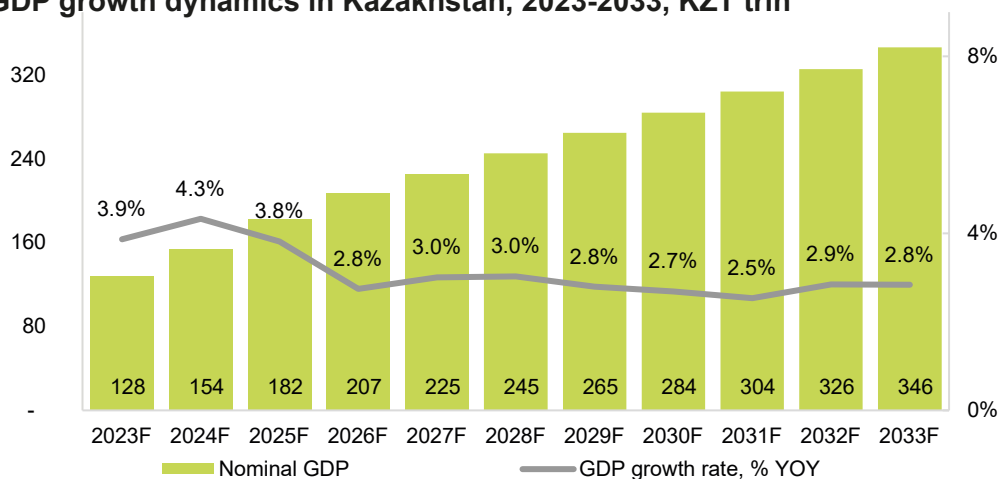
GDP growth dynamics in Kazakhstan, 2012-2022, KZT trln



Source: Bureau of National Statistics of RK

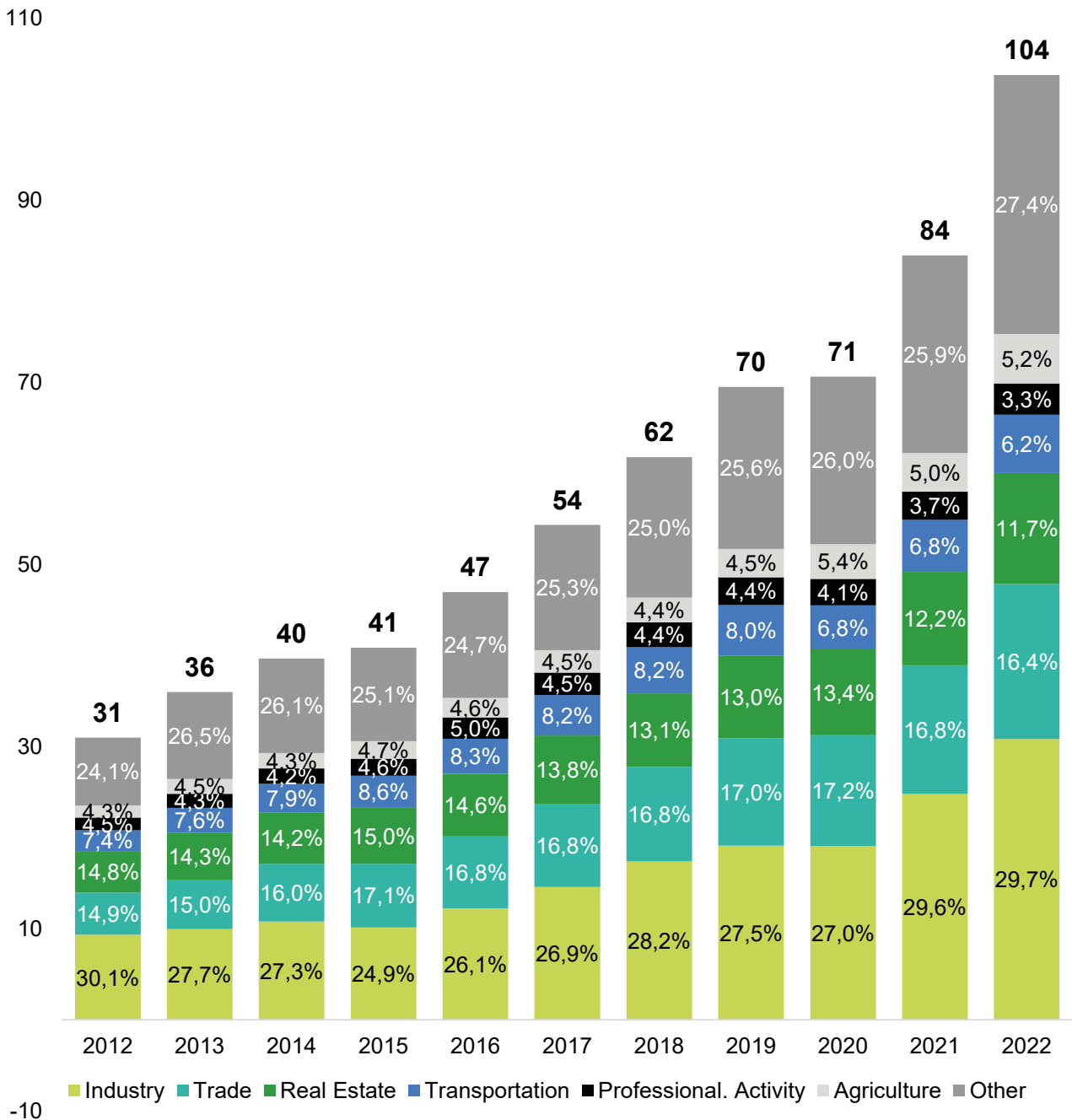
According to S&P Capital IQ Pro forecast stable growth of GDP in nominal terms from 2023 to 2033, with an average annual growth rate of 11%, from KZT128 to KZT346 trln, while real GDP growth will decline from 3.9% to 2.8%, averaging 3.1%.

Forecast of GDP growth dynamics in Kazakhstan, 2023-2033, KZT trln



Source: S&P Capital IQ Pro

Structure of Kazakhstan's GDP by sector from 2012 to 2022, KZT trln



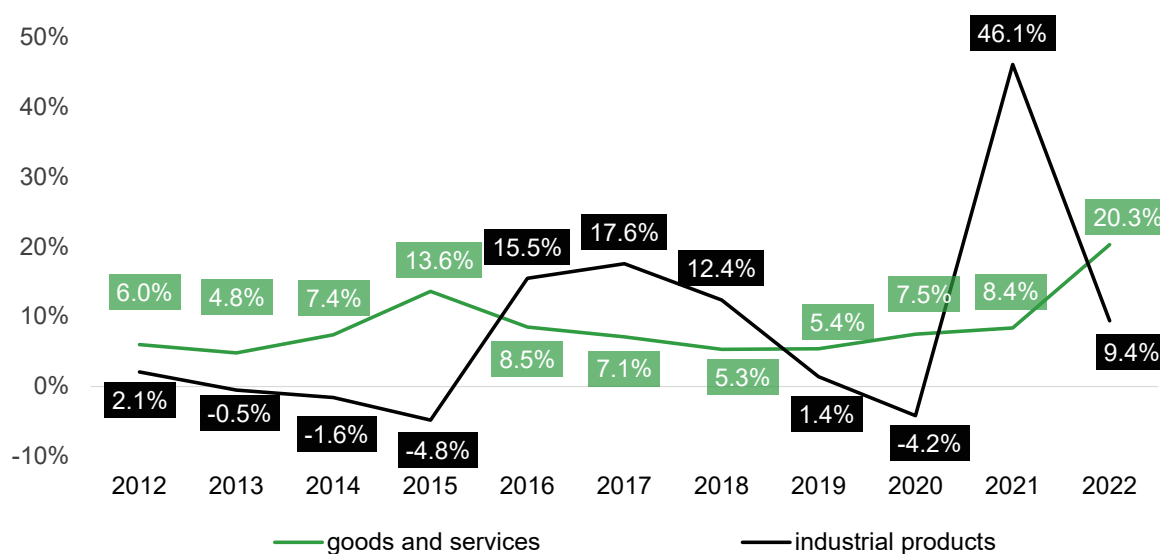
Source: Bureau of National Statistics of RK

Between 2012 and 2015, we witnessed a gradual decline in the share of the industrial sector in the economy of Kazakhstan. However, in the remaining period, the share of the industrial sector resumed to increase due to the support of the sector by the state. Due to the growth of economic activity in the country, the trade sector in the country shows a gradual increase in the share of GDP. Meanwhile, the share of real estate demonstrates a decline, which is attributed to a lower growth rate in comparison with other sectors.

Inflation

Since 2012, consumer price inflation (goods and services) reached its maximum value in 2022, when the indicator amounted to 20.3%, amid the consequences of the tense geopolitical situation in the region. The change in the price index for industrial products between 2012 and 2022 is characterised by significant volatility. In 2020, the indicator dropped to -4.2%, largely due to the impact of the pandemic.

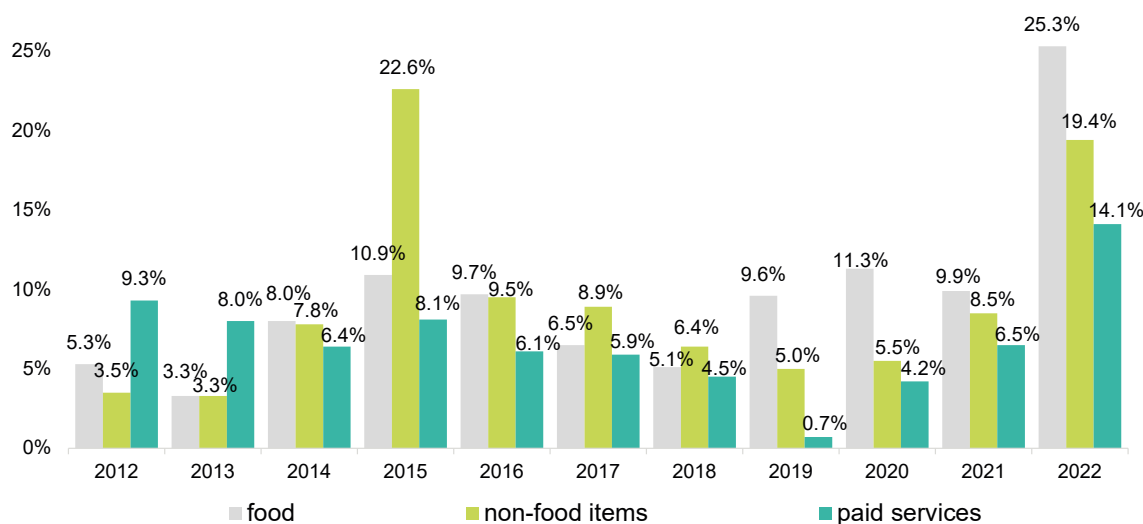
Dynamics of inflation indicators by groups, 2012 – 2022



Source: Bureau of National Statistics of RK

In the breakdown of categories, price growth for December 2022 y/y amounted to 25.3% for food products, 19.4% for non-food products and 14.1% for paid services.

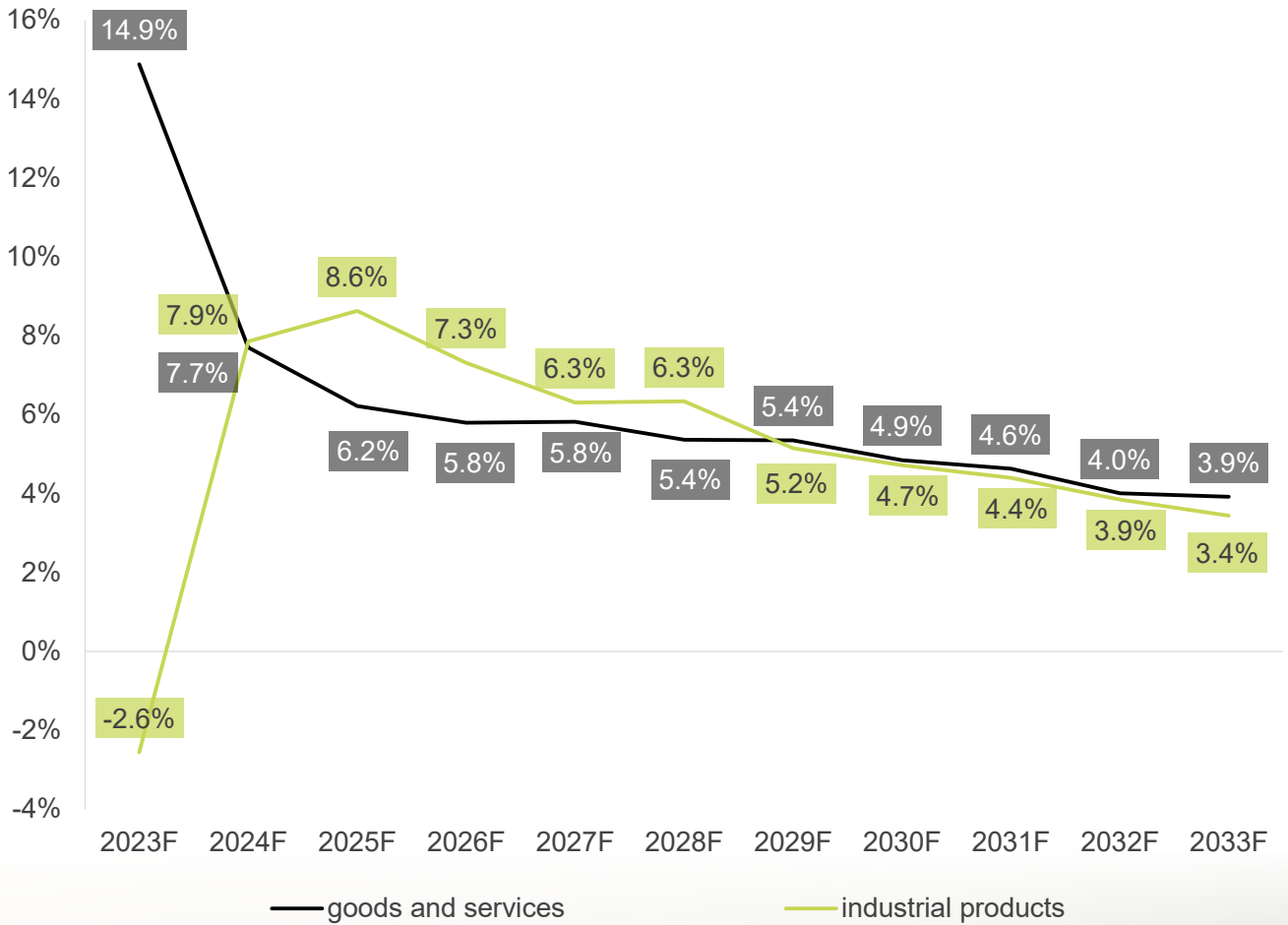
Dynamics of consumer inflation indicators, 2012 – 2022



Source: Bureau of National Statistics of RK

According to S&P Capital IQ Pro analyst forecasts for the period 2023-2033, the inflation rate for industrial goods is expected to rise from -2.6% to 3.4%. The inflation rate for consumer goods and services is also expected to fall to 3.9% in 2033. However, there is a possibility of more accelerated inflation in 2024-2025 if the previously discussed increase in the VAT rate to 16% is adopted, which will inevitably affect the level of final prices.

Inflation, forecast for 2023 - 2033

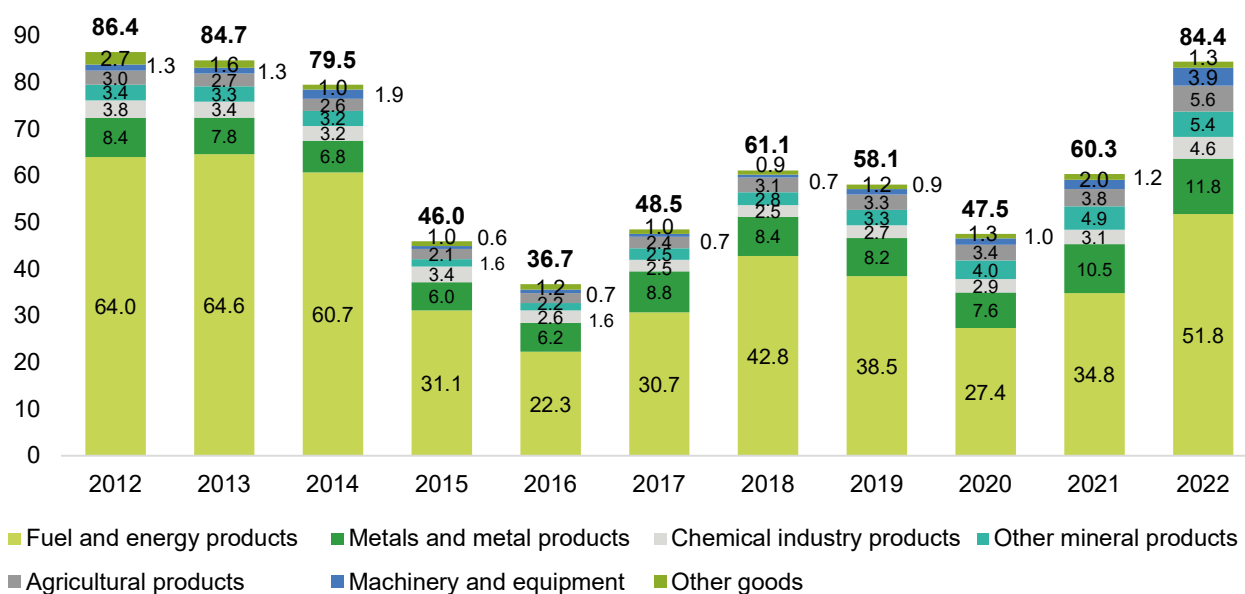


Source: S&P Capital IQ Pro



Trade balance

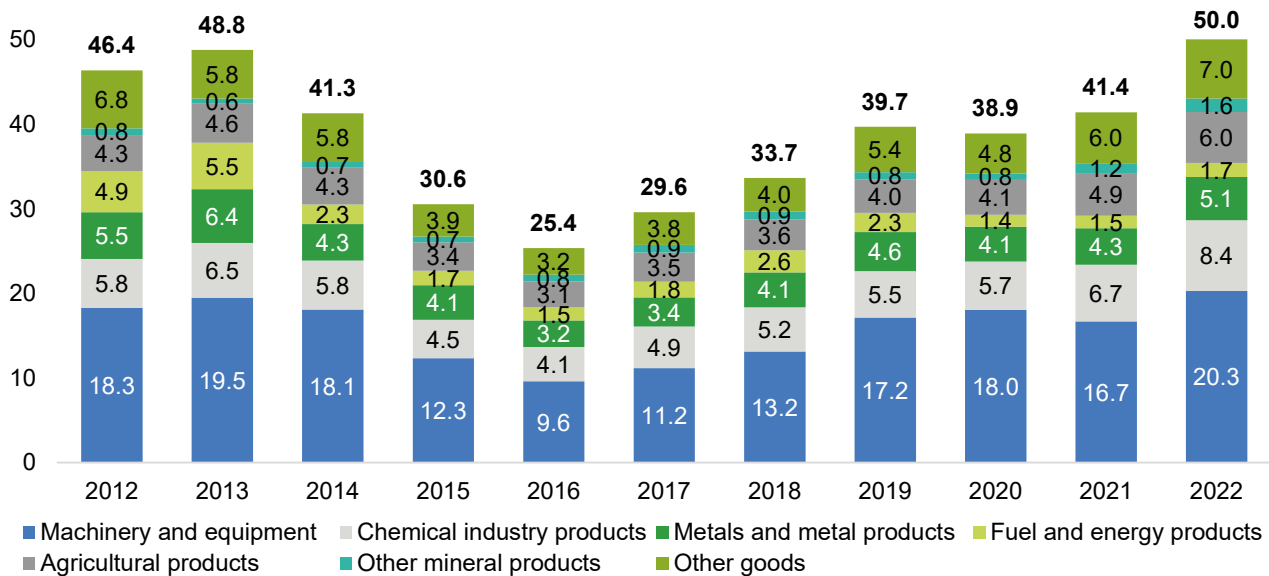
Export dynamics in Kazakhstan, 2012-2022, \$B



Source: Bureau of National Statistics of RK

In 2015, Kazakhstan's foreign trade turnover fell sharply (exports by 42%, imports by 26%) due to the decline in global oil prices that started in late 2014 and continued in 2015. In 2020, exports fell by 17.24% due to lower oil prices and demand from the transport industry, as well as reduced global trade as a result of the pandemic. In 8M 2023, exports and imports totalled \$51.2bn and \$39.8bn respectively. The higher growth rates of export volumes compared to imports and a significant increase in export prices compared to import prices indicate an improving foreign trade environment for Kazakhstan, which significantly improves the country's balance of payments.

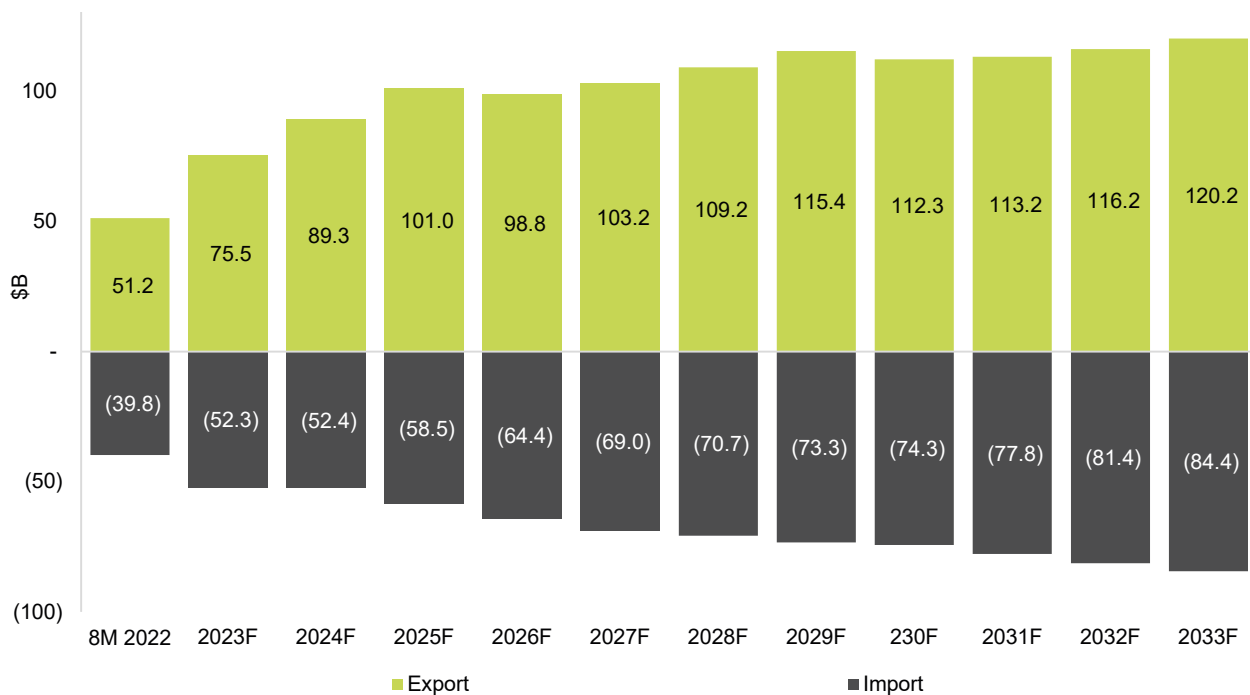
Import dynamics in Kazakhstan, 2012-2022, \$B



Source: Bureau of National Statistics of RK

S&P Capital IQ Pro analysts forecast that exports and imports will grow to \$120.2bn and \$84.4bn, respectively, between 2023 and 2033.

Forecast of exports and imports in Kazakhstan, 2023P-2033P, \$B



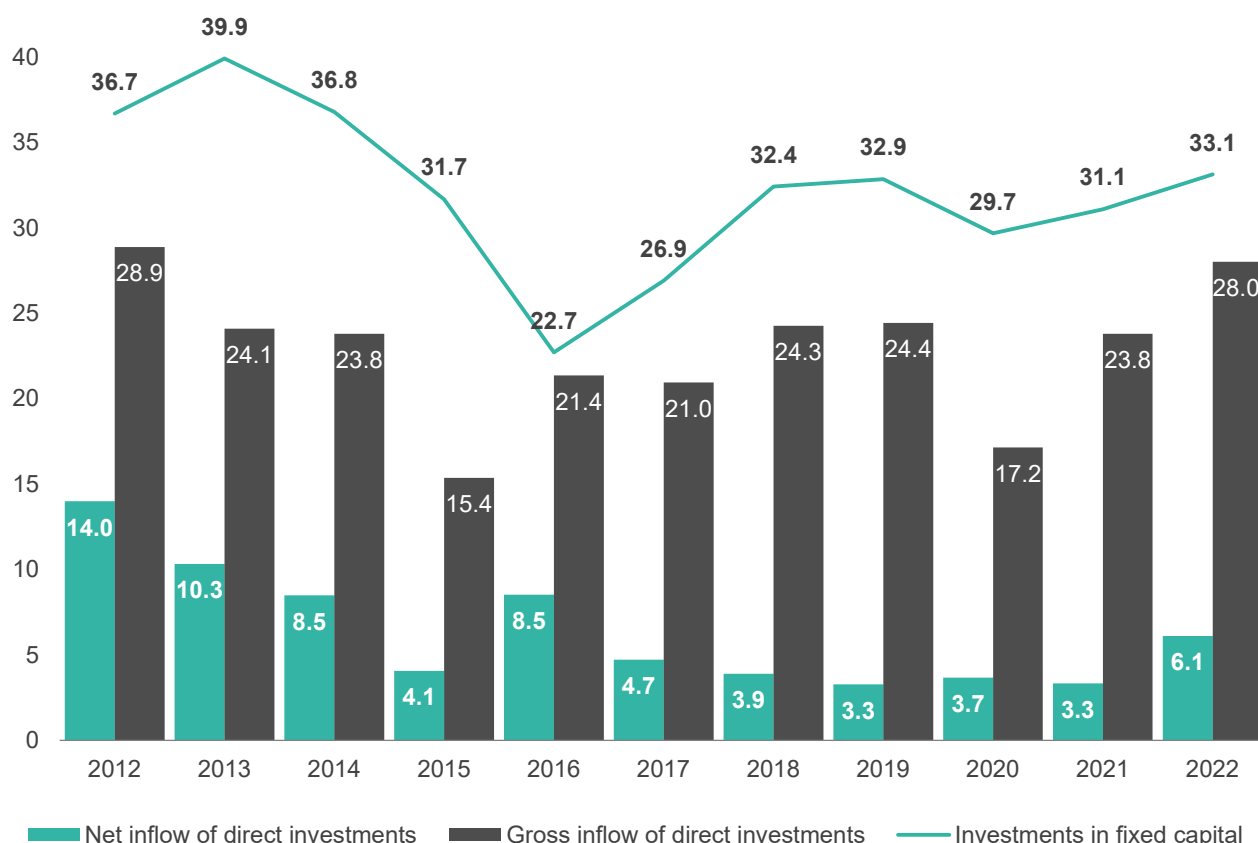
Source: Bureau of National Statistics of RK

Foreign direct investments

Annual gross FDI (Foreign Direct Investments) inflows between 2012 and 2022 were in the range of \$21-29 bn, except for significant declines in 2015 (as a result of the first aggravation of the situation in Ukraine in 2014 and its pressure on the macro economy and the foreign exchange market) and in 2020 (as a result of the pandemic and the global decline in investment in emerging markets).

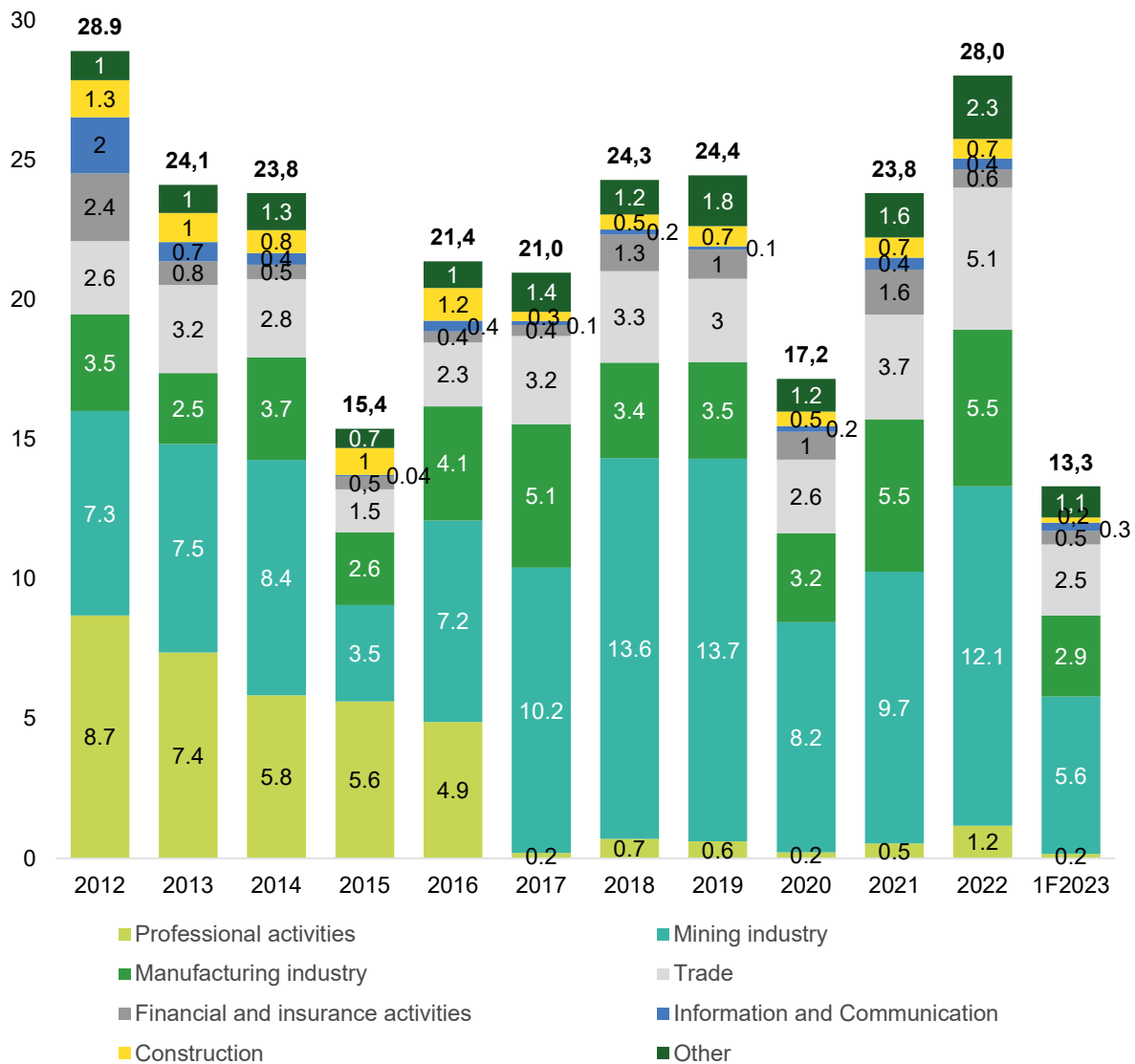
Annual net FDI inflows between 2012 and 2015 showed a decline from \$14bn in 2012 to \$4.1bn in 2015. After a spike in 2016, the figure is relatively stable between 2017 and 2021 in the range of \$3.3-4.7bn. In 2022, net FDI inflows increase to \$6.1 bn, which is significantly lower than in 2012-2014.

The inflow of FDI in Kazakhstan and investment in capital, 2012-2022 \$B



Source: Bureau of National Statistics of RK

Dynamics of foreign direct investment by sector, 2012-2022, \$B



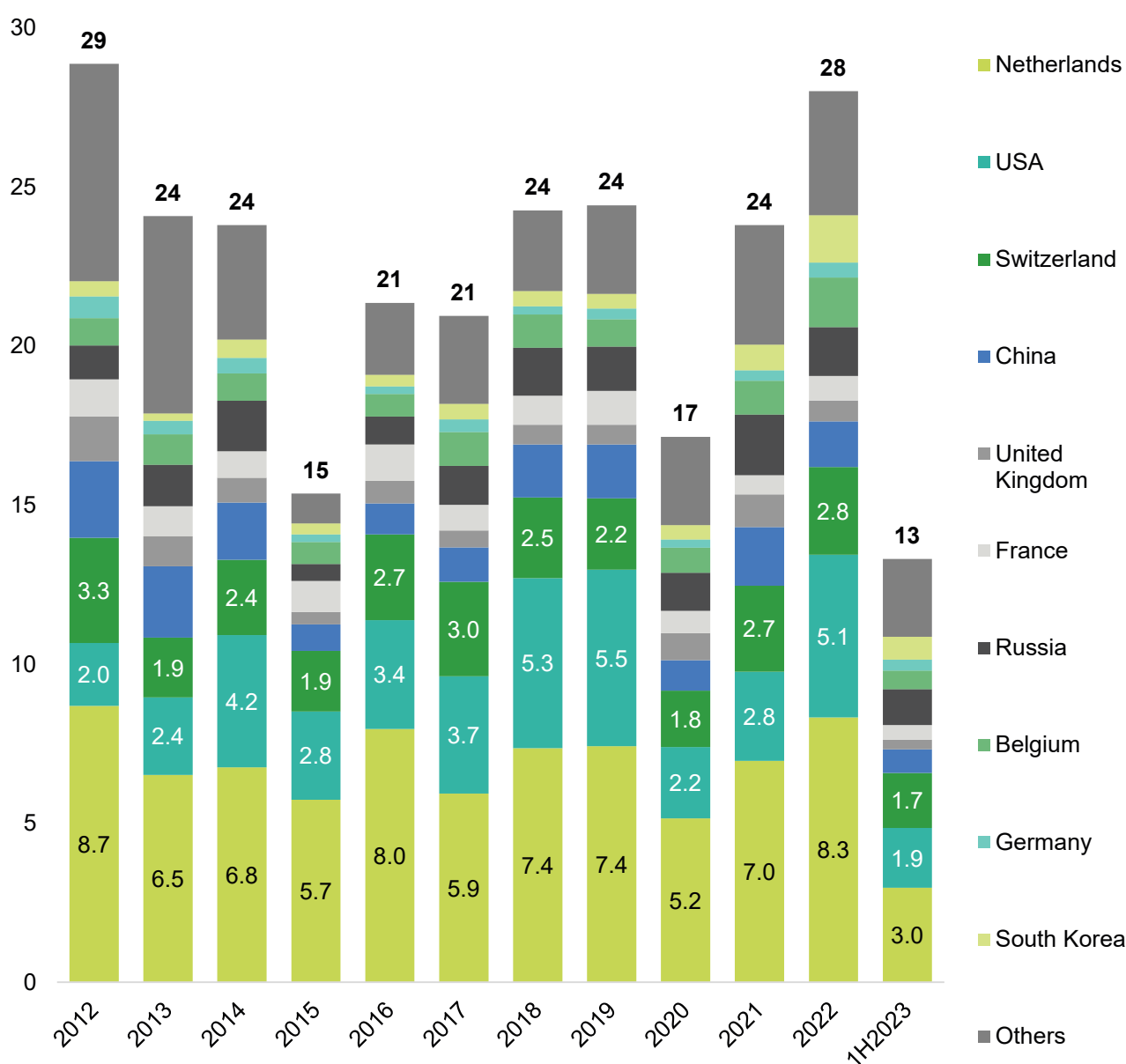
Source: Bureau of National Statistics of RK

The structure of FDI by the investment destination over the last 10 years shows a continued interest in the mining industry. The share of investments attributable to this sector in the total volume increased from 25% in 2012 to 45% in 2022. Yet, investment in the manufacturing sector has grown (5% CAGR), with the share of total investment increasing from 12% in 2012 to 19% in 1H2023. Investment in the wholesale and retail trade sector also increased significantly (9% CAGR, from 9% of total investment in 2012 to 19% in 2023). At the same time, it should be noted that there was a significant decline in investment in the professional, scientific and technical activities sector (-18% CAGR, reducing the share of the total from 30% in 2012 to 4% in 2023). This reflects an increasing shift in the focus of foreign investors on the resource economy and, partly, trade and manufacturing, with a reduction in the inflow of investments in sectors that develop the quality of human capital.

Over the last 10 years, the largest investor in Kazakhstan economy (about 30% of the total volume) were Dutch companies - this is mainly due to the specifics of structuring transactions and does not reflect the real ultimate country of the investor. In addition, it is likely that part of these deals is related to internal structuring of corporate governance of Kazakhstani companies. The share of the Netherlands in the total inflow of investments practically did not change in the period under review.

The second largest country in terms of investment in Kazakhstan by the end of 2022 is the US (about 18% of the total investment volume). Over the past 10 years, investment inflows from the US to Kazakhstan have increased 2.5 times (9% CAGR). Switzerland ranks third (10% by the end of 2023), again largely due to capital repatriation, corporate structuring and treasury decisions by Kazakhstani holdings and groups. The Atyrau region (29% in 2022) and the city of Almaty (27%) receive a significant share of the inflows.

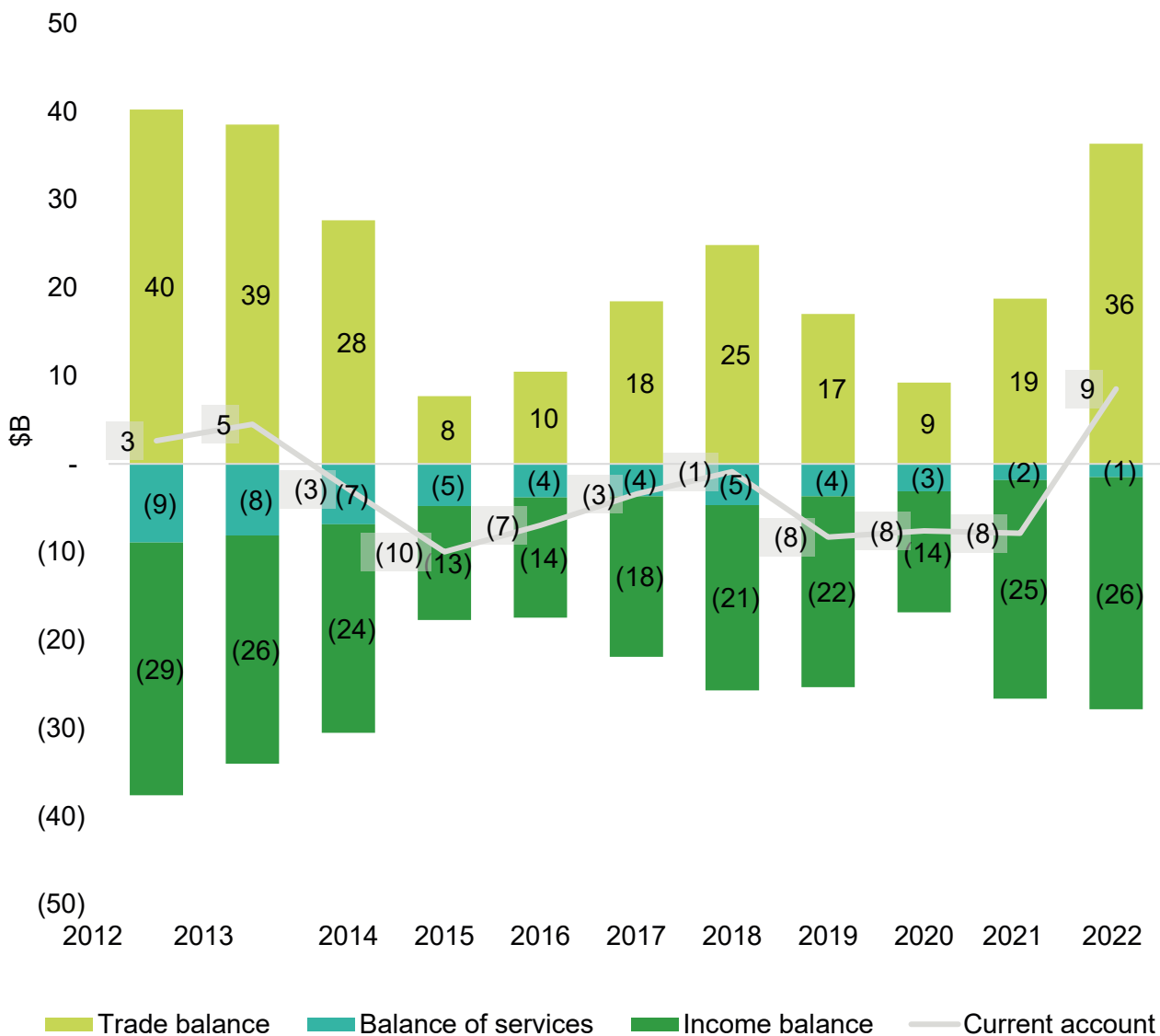
FDI dynamics by country, 2012-1H2023, \$B



Source: Bureau of National Statistics of RK

Balance of payments

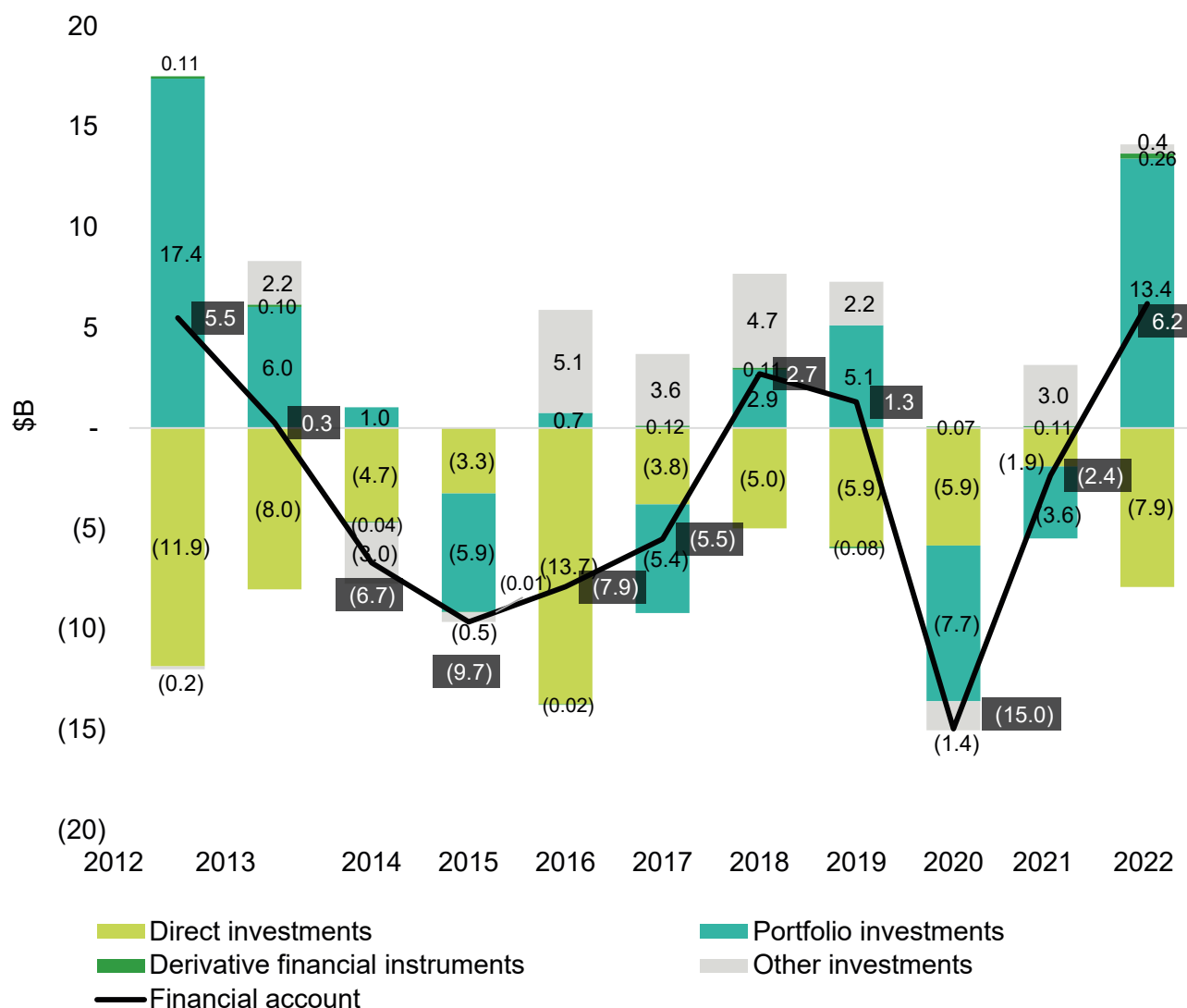
Structure of the current account, 2012-2022, \$B



Source: Bureau of National Statistics of RK

Between 2014 and 2021, the current account of RK was in deficit, but in 2022, the indicator entered a surplus of US\$8.53 billion. The current account was in a deficit of US\$8.53 billion in 2022, due to an improvement in the trade balance. Since 2012, the trade balance and primary income balance have accounted for the largest shares, while the balance of services and secondary income account for a small part of the current account balance. The indicators of the balance of services and primary income were in deficit during the whole analyzed period.

Balance of financial account, 2012-2022, \$B

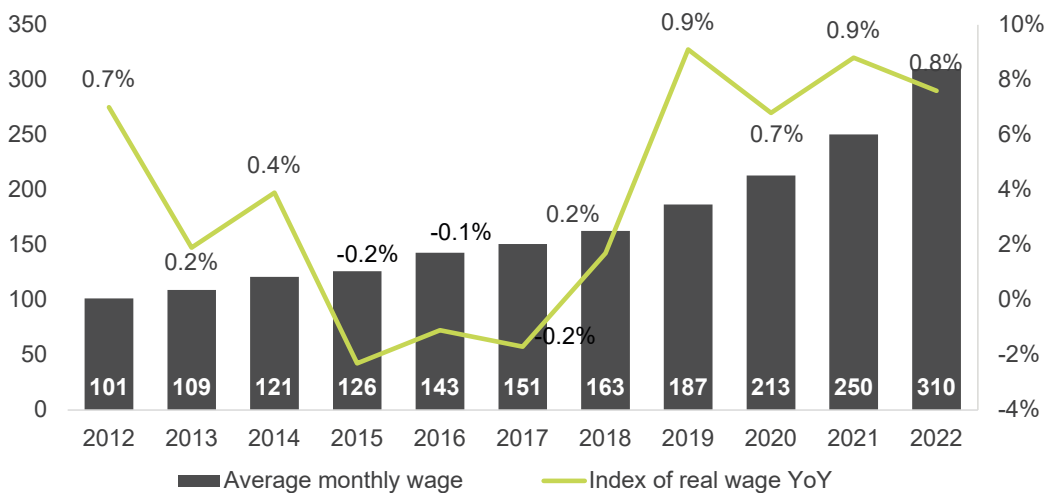


Source: Bureau of National Statistics of RK

In 2022, the financial account of the balance of payments amounted to \$6.2 billion. The surplus in the financial account is an indicator of the excess of the growth of foreign assets over the growth of residents' external liabilities. Since 2012, there have been significant fluctuations in the components of the country's financial account. The direct investment indicator was in deficit throughout the period analysed. The external debt of the Republic of Kazakhstan in the extended presentation as of January 1, 2023 amounts to \$160 billion, which represents about 72% of GDP in dollar terms. 89.8% of the total debt is long-term debt. The external debt has increased by 17.3% between 2012 and 2022, producing a 1.6% CAGR on average. The largest creditors are the Netherlands (25.6%), the United Kingdom (9.1%), and the Russian Federation (8.9%). Plus, 8.2% of the debt constitutes obligations to international organizations.

Employment and wages

Wages in Kazakhstan, 2012 - 2022, KZT ths.

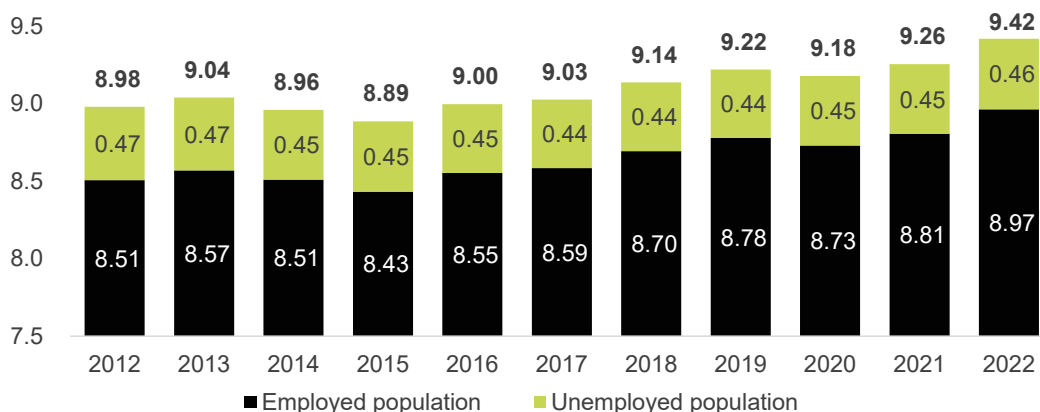


Source: Bureau of National Statistics of RK

Since 2012, there has been a significant increase in nominal wages and fluctuations in the real wage index due to the country's inflation and currency fluctuations. Wage growth has also been influenced by the country's overall economic growth and government support in the form of an increase in the minimum wage.

By the end of 2022, the labour force totalled 9.42 mln people, of which 8.97 mln were the employed population and the remaining 0.46 mln were the unemployed population. From 2012 to 2022, the CAGR of the employed population exceeds that of the labour force, which is an indicator of positive dynamics in the labour market in the country.

Dynamics of Kazakhstan's labour force, 2012-2022, mln people

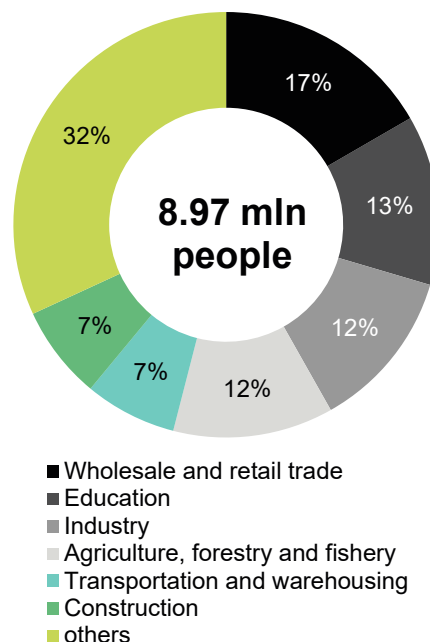


Source: Bureau of National Statistics of RK

The largest share of the employed population in 2022 is accounted for by Almaty city, accounting for 11% of the total employed population (1.04 mln people), followed by Turkestan region - 9% (0.8 mln people), Almaty region - 8% (0.7 mln people) and Astana city - 7% (0.7 mln people). Considering the employed population by type of economic activity, wholesale and retail trade has the largest share, accounting for 17% or 1.5 mln people. Transportation and warehousing and construction account for the smallest shares of the employed population.

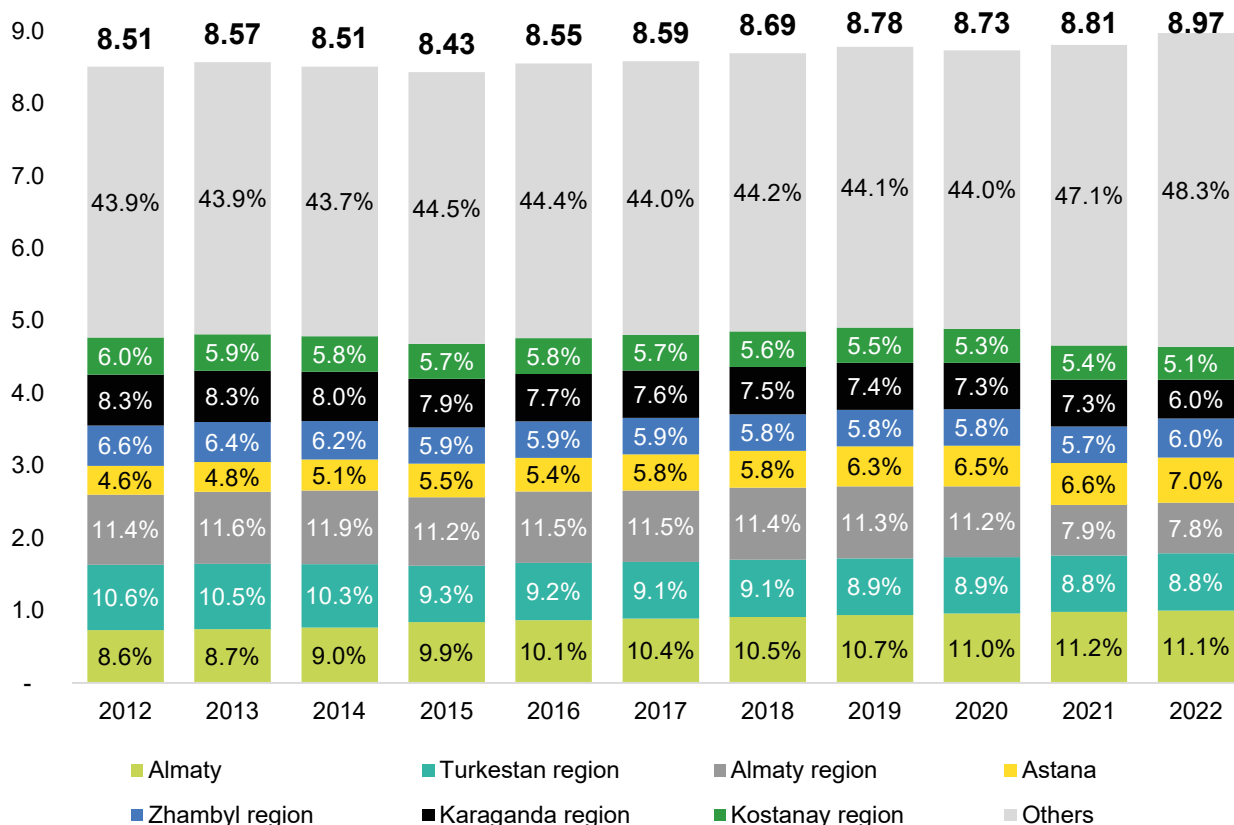
Since 2012, there has been a significant decrease in the unemployment rate in the country from 5.3% to 4.9%, which is due to government programs to support employment, especially to increase the attractiveness of employment in remote regions.

Employed population by field of economic activity for 2022



Source: Bureau of National Statistics of RK

Key labour indicators in Kazakhstan, 2012-2022

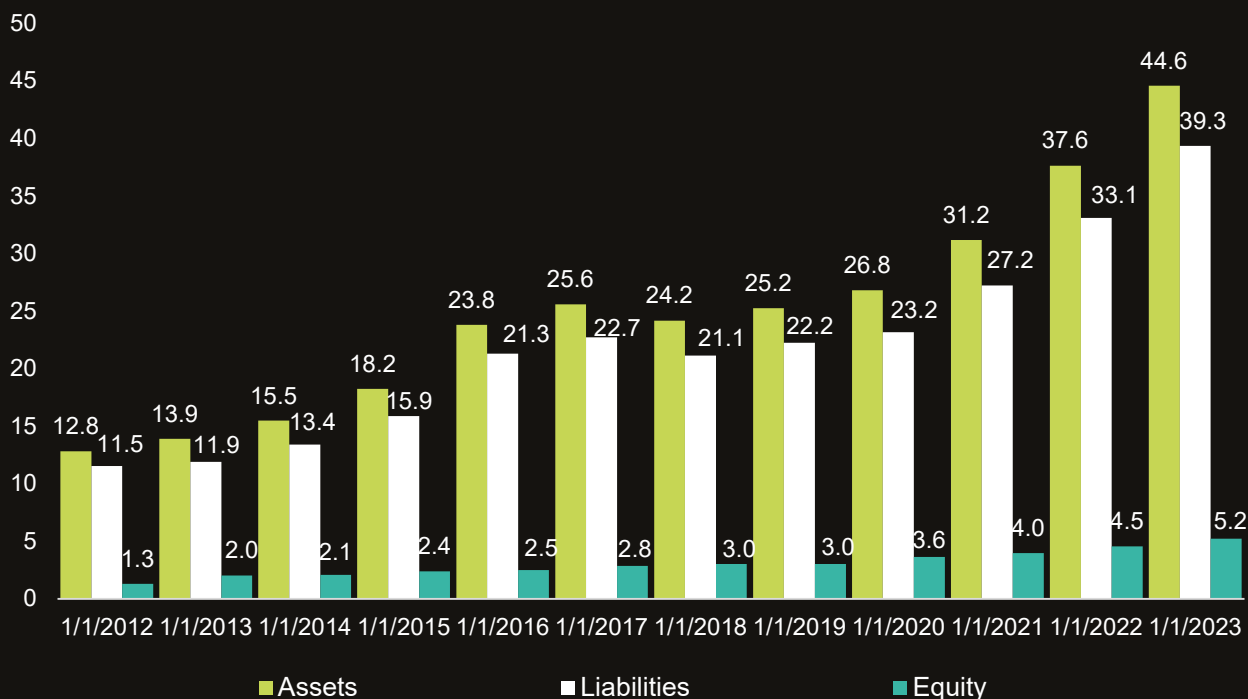


Source: Bureau of National Statistics of RK

Financial market

As of the beginning of 2023, there are 21 banks operating in Kazakhstan. Compared to 2022, only one bank ceased operations - SB Alfa-Bank merged with BCC, and one more bank (SB Sberbank) rebranded. In 2022, Kazakhstani banks showed increases in assets (+18.4% system-wide), capital (+15.3%), loan portfolio (+20.1%), deposits (+18.9%) and total net profit of the sector (+13.7%).

Dynamics of assets, liabilities and capital of the banking sector of Kazakhstan, 01/01/2012-09/01/2023, KZT trln

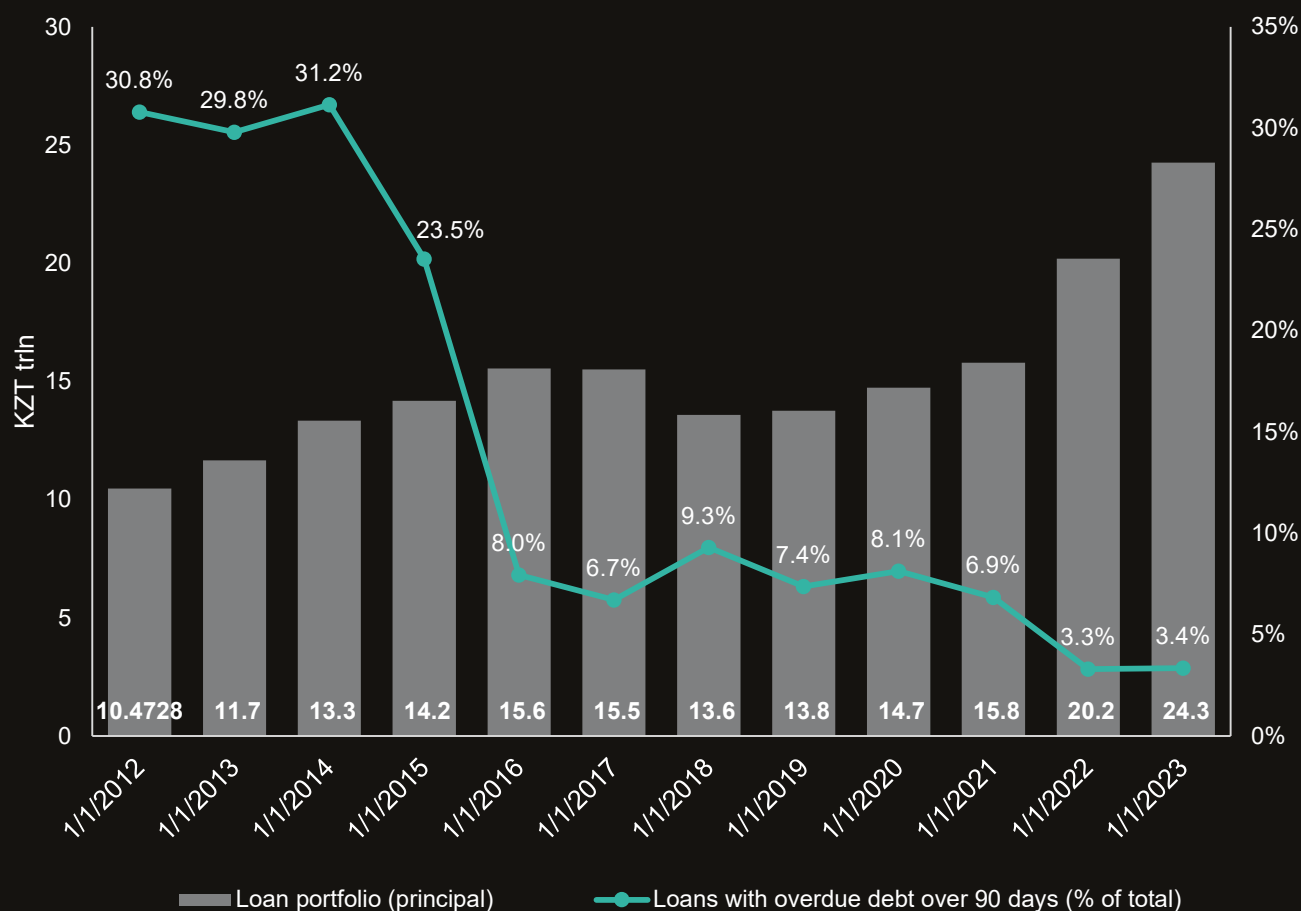


Source: Bureau of National Statistics of RK

The ongoing consolidation of banks continued in 2022, influenced by both systemic processes in the banking sector and changes in the international banking system as a result of the war in Ukraine and subsequent sanctions. In April 2022, Bank CenterCredit completed the acquisition of 100% of the ordinary shares of SB Alfa-Bank. Following the re-registration of SB Alfa-Bank, it initially operated under the brand name of Eco Center Bank, a subsidiary of BCC, but subsequently decided to reorganise and merge Eco Center Bank into BCC. This event placed BCC in the top three of the year-end rankings and significantly strengthened its position, especially in SME and retail products.

In 2022, significant legislative changes were introduced to pave the way for the transformation of MFIs into banks, which would give large microfinance organisations access to cheaper sources of funding.

Dynamics of the loan portfolio of the banking sector of Kazakhstan, 01.01.2012 - 01.01.2023, KZT trln

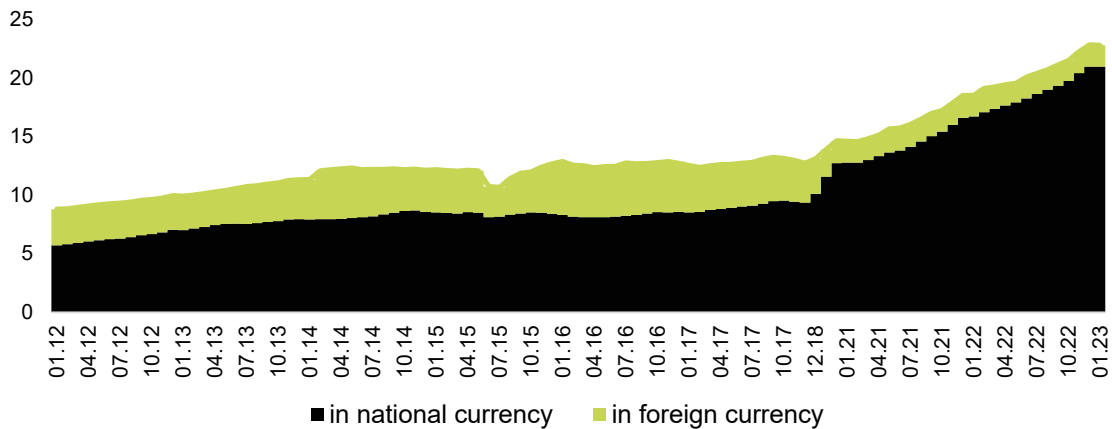


Source: Bureau of National Statistics of RK

In 2022, the assets and loan portfolio of STBs (Second-tier banks) demonstrated positive dynamics. By the beginning of 2023, the total assets of the banking sector amounted to KZT44.6 trln, which is 18.4% more than in the previous year. The loan portfolio is the main part of assets, as it accounts for 52% of the total assets. The amount of loans at the beginning of 2023 amounted to KZT24.3 trln, showing a 20.1% growth year-on-year. The growth of the banks' loan portfolio is mainly due to active lending to individuals: at the end of 2022, KZT13.2 trln (54% of all loans) was issued through the system.

Loans to the economy

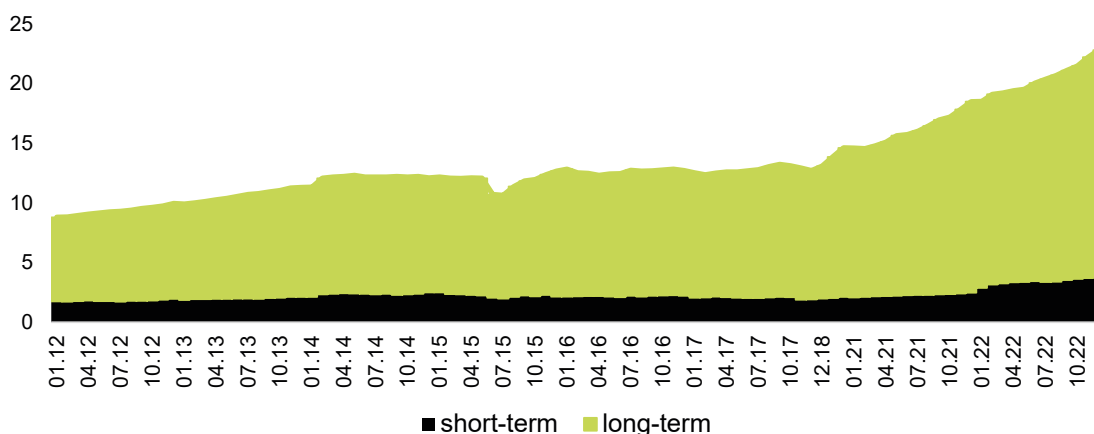
Dynamics and structure of loans by currency, 01/01/2013-01/01/2023, KZT trln



Source: Bureau of National Statistics of RK

The volume of loans to the economy increased more than threefold over the course of the last decade, while the share of loans in foreign currency decreased from 35% in January 2012 to 8% in January 2023. This is due to the volatility of the dollar exchange rate, as well as the limited number of sectors with sufficient foreign currency revenues to exclude currency risk when borrowing in non-KZT. From the market's point of view, lower interest rates on freely convertible currency loans do not compensate for currency risks, leading to a reduction in the share of such loans. The economy's loan volume decreased from 32% of GDP in 2012 to 22% of GDP in 2022 as a result of increasing interest rates and subsequently less loan availability.

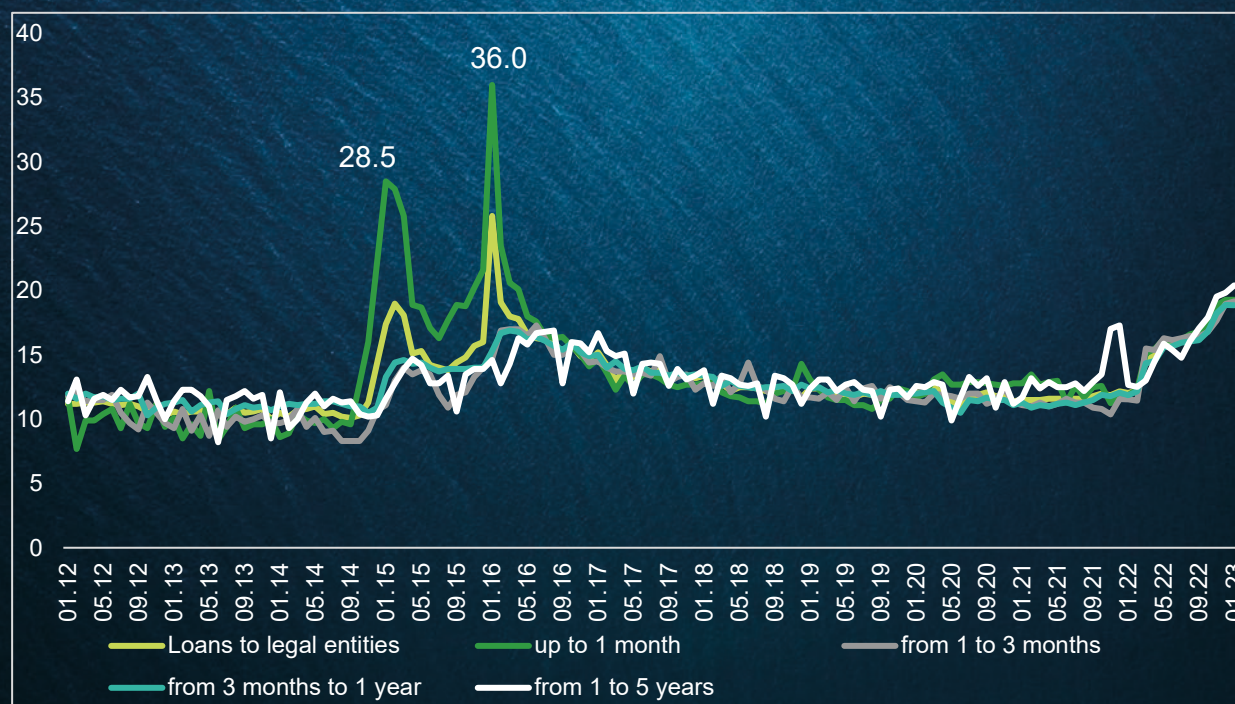
Dynamics and structure of loans by maturity, 01/01/2013-01/01/2023, KZT trln



Source: Bureau of National Statistics of RK

Over the period analysed, the National Bank's key interest rate was raised from 7.5% in January 2012 to 16.75% in January 2023. Currently, the rate is 16.5%. Such an increase in the key rate is a consequence of the growth of inflation and significantly increases the cost of financing in the economy, as well as having a negative effect on the level of asset valuations.

Dynamics of interest rates on loans for legal entities in RK, 01/012013 - 07/01.2023, %



Source: Bureau of National Statistics of RK



International ratings

Kazakhstan country risk level:



According to S&P analysts, Kazakhstan's highest risk profiles remain operational, economic and legal. Risks in all these areas have increased slightly compared with previous indicators. Economically, Kazakhstan remains highly dependent on hydrocarbon exports, while its dependence on the Russian Federation and its manipulations in this area in terms of export routes remains quite high, which poses certain risks to the growth forecasts of the Kazakh economy.

S&P agency assessment



Political risk
■ Elevated - 1.9



Economic risk
↑ High - 2.8



Legislative risk
↑ High - 2.4



Tax risk
↑ Elevated - 2.2

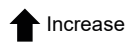


Operational risk
■ High - 2.9



Security risk
↓ Moderate - 1.5

* Change in risk level:



Increase



Decrease



No change

Source: S&P Capital IQ

MOODY'S

October 27, 2023

Baa2

Positive

**Fitch
Ratings**

May 26, 2023

BBB

Stable

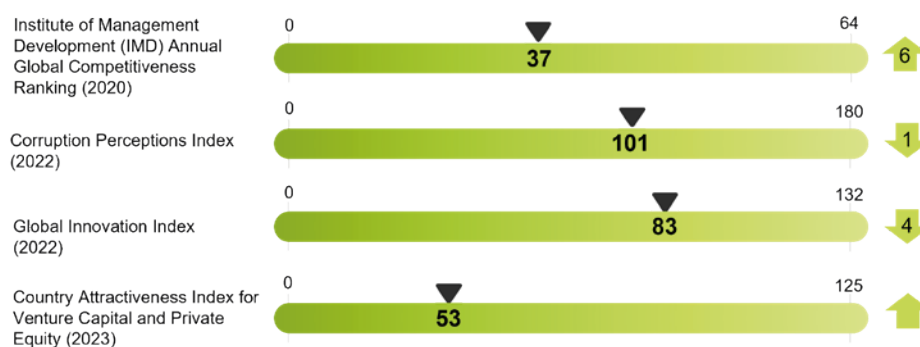
**S&P Global
Ratings**

March 3, 2023

BBB-/A-3

Stable

International ratings



In international rankings, Kazakhstan's position in the last year shows generally positive dynamics. In some parameters, the country's position has deteriorated over the past year, but the overall dynamics for the period from 2012 to 2022 demonstrates progress.

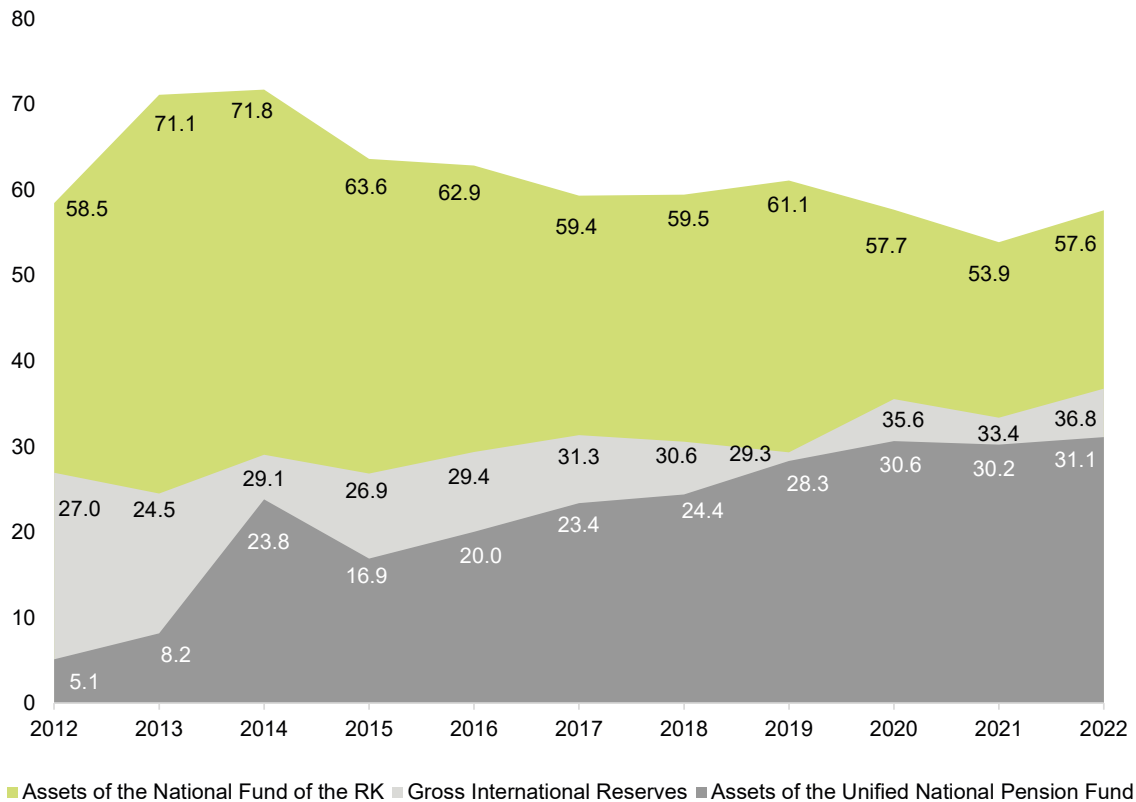
Kazakhstan is undertaking a number of efforts to attract global financial experts and create a favourable financial environment in the country. In 2022, the government introduced a new investment treaty that guarantees a stable tax regime for 25 years. To develop the financial market and increase the country's investment attractiveness, Kazakhstan restored visa-free travel for citizens of 54 countries in January 2022. In addition, the Astana International Financial Centre offers legal mechanisms not provided for in national legislation.



National reserves

Between 2012 and 2022, the volume of assets of the Unified National Pension Fund grew rapidly, with an average annual growth rate of 19.7%. The same indicator of gross international reserves amounted to 3.2%, due to periodic foreign exchange interventions. The most significant fluctuations associated with the need to support the country's economy in unstable periods are shown by the volume of assets of the National Fund of the Republic of Kazakhstan, with an average annual decrease of 0.1%.

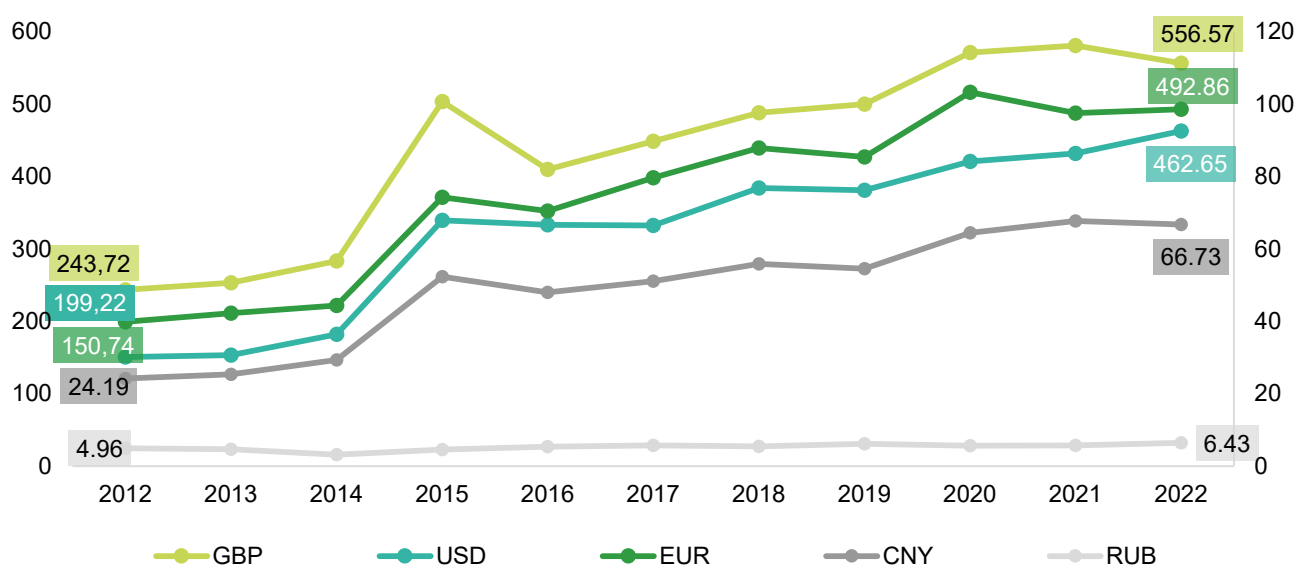
Dynamics of international foreign exchange reserves, assets of the National Fund and assets of the Unified National Pension Fund 31.12.2012 - 31.12.2022, \$B



Source: National Bank of Kazakhstan

Exchange rates

Dynamics of changes in the main exchange rates, 2012-2022

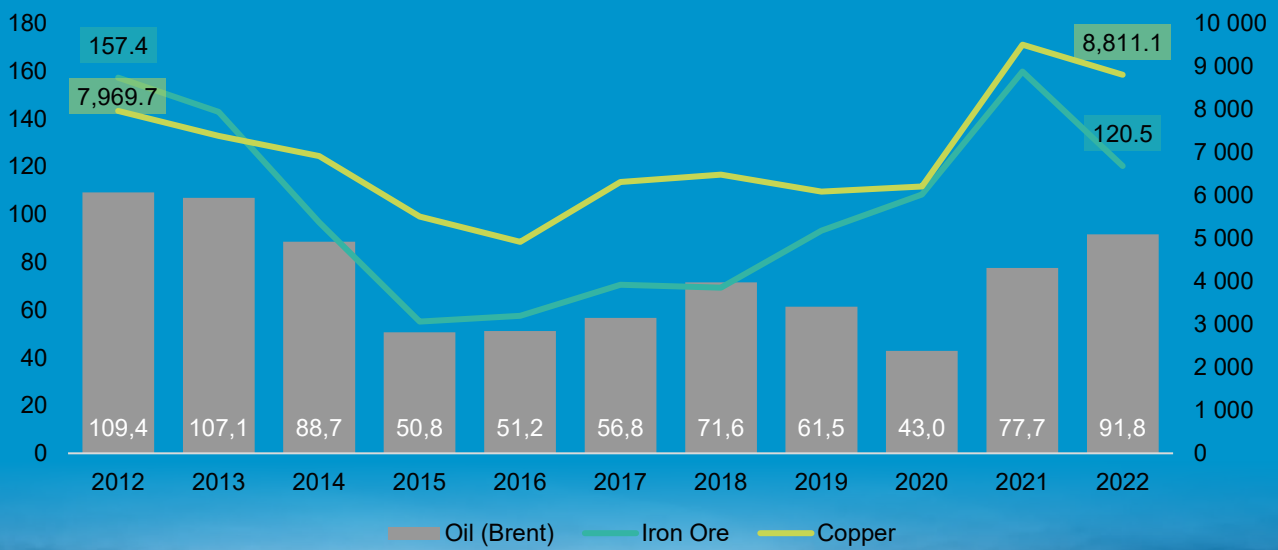


Source: National Bank of Kazakhstan

Since 2012, the tenge has weakened significantly on the currency market, with the exchange rate expected to increase by 2-3 times by the end of 2022. The country's dependence on commodity prices and the cyclicity of oil prices have a significant impact on the tenge's position. In 2016, the exchange rate was significantly affected by the National Bank's correction. Nevertheless, the weakening of the tenge continued after the transition to a floating exchange rate.

The ruble exchange rate, which is closely linked to the country's trade balance, was subject to minor fluctuations. However, the RUB/KZT exchange rate is particularly important for the country's economy, as the Russian Federation accounts for more than a third of Kazakhstan's imports. It is important to note that the lack of full vertical integration in Kazakhstani companies highlights the need to maintain a balance between inflation and the needs of local producers.

Dynamics of prices for oil and main exported metals, 2012-2022, \$



Source: S&P Capital IQ



According to the forecasts of S&P Capital IQ Pro, in the period from 2023 to 2032, the exchange rates of the U.S. dollar, Chinese yuan, Russian ruble, euro and pound sterling are expected to increase against tenge. Thus, it is expected that in 2032 the U.S. dollar exchange rate will reach 532.1 tenge per dollar, the ruble exchange rate will be 6.32 tenge per ruble, while the Chinese yuan exchange rate might reach 98.4 tenge per yuan. The euro and pound sterling exchange rates in 2032 are expected to be 655.8 and 761.1 tenge, respectively.

Exchange rates: projected values, 2023 - 2032

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
KZT/GBP	574.2	580.8	621.3	670.1	700.5	714.8	728.1	740.0	750.1	761.1
KZT/EUR	490.8	530.4	565.9	589.8	606.8	621.5	633.7	643.2	649.8	655.8
KZT/USD	462.1	478.9	481.6	487.4	493.3	504.0	513.1	520.5	526.1	532.1
KZT/CNY	68.1	68.2	72.5	74.2	75.0	77.4	81.7	86.7	92.3	98.4
KZT/RUB	5.80	5.95	6.02	6.08	6.11	6.19	6.25	6.30	6.32	6.32

Source: S&P Capital IQ Pro



3 Private Equity market in Kazakhstan from 2012 to 2022



Ecosystem analysis

Definition

Private equity stands for equity investment raised from sources other than public markets and traditional institutions, such as venture capital and leveraged buyout firms. They can be injected at various stages of business development, from the initial stage to the final transition to public company status.

Total ecosystem indicators for 2012-2022



\$49B
Private equity

Volume of disclosed M&A deals with equity instruments for the period

Alternative sources of funding



\$5,8B
Public Markets (Equity)

Volume of IPOs on public markets



\$41B*
Bank financing

* Change in loans issued from 2012 to 2022 in KZT, translated at average exchange rate for the period



\$39.5B
Private and public debt

Volume of disclosed transactions on raising public debt

Source: S&P Capital IQ, market participants survey data, KASE data, NBRK data

Types of private equity transactions

Equity

Primary / Cash in

transaction in which a contribution is made to the authorized capital of a company, increasing the investor's share as a result

Secondary / Cash out

transaction in which a share in a target company is acquired from the previous owners, the payment is made directly to the seller

SAFE Agreement

investment agreement, used at the early stages, providing investor the right to a share in the company if certain events occur

PIPE

private investments in companies on public equity

Hybrid tools

Convertible loan

debt instrument is often used by angel or seed investors looking to fund an early-stage startup that does not have a clear valuation. After obtaining additional information to determine a reasonable value for the company, investors in a convertible promissory note can convert it into equity

Mezzanine loan

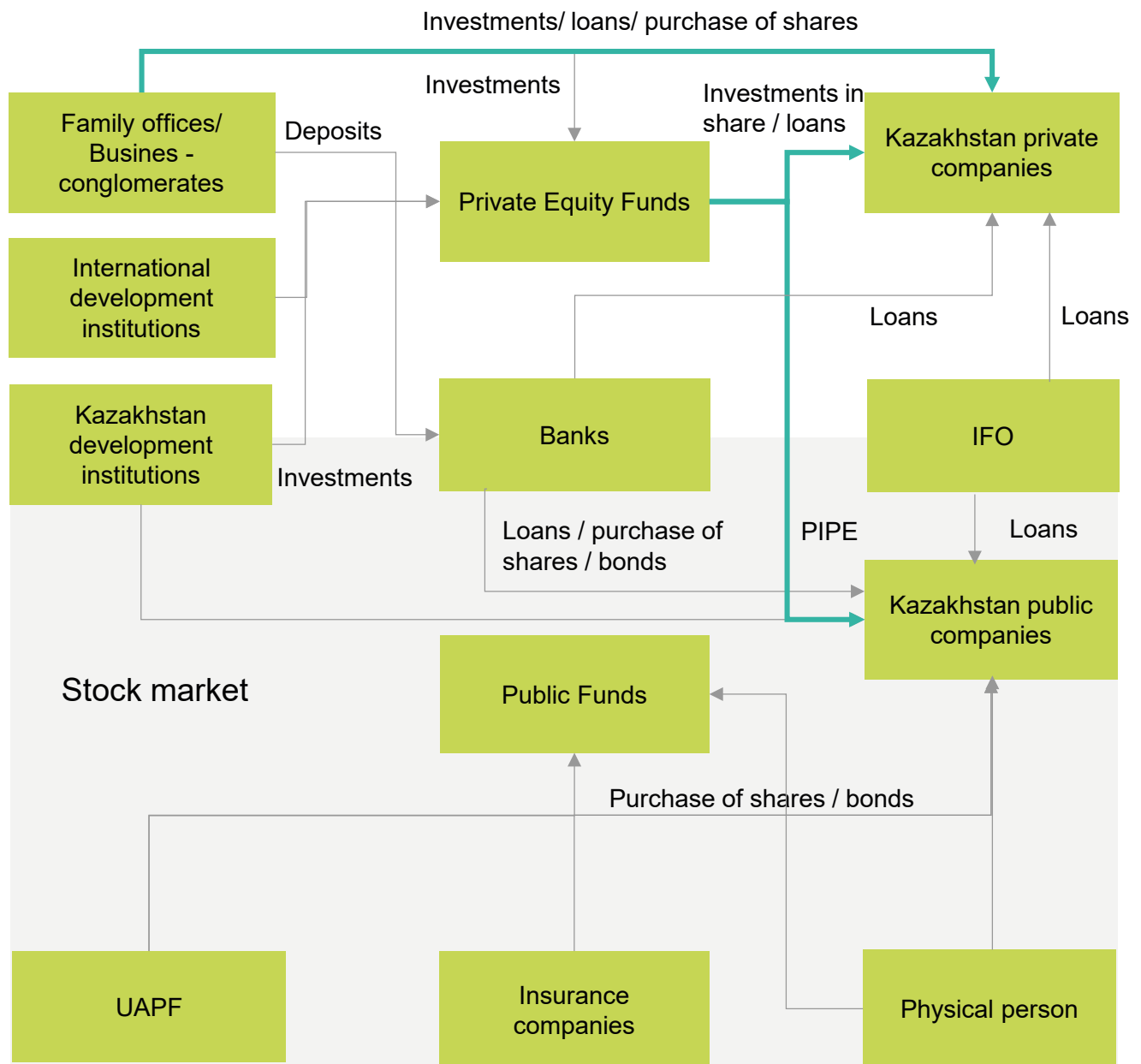
a hybrid of debt and equity financing that gives the lender the right to convert the debt into an equity stake in the company in the event of default, typically after venture capitalists and other senior creditors have been paid. Investors have the right to exchange their promissory notes for a predetermined number of shares in the issuing company

Private debt

private debt in the form of a loan, note or bond, not traded on public markets



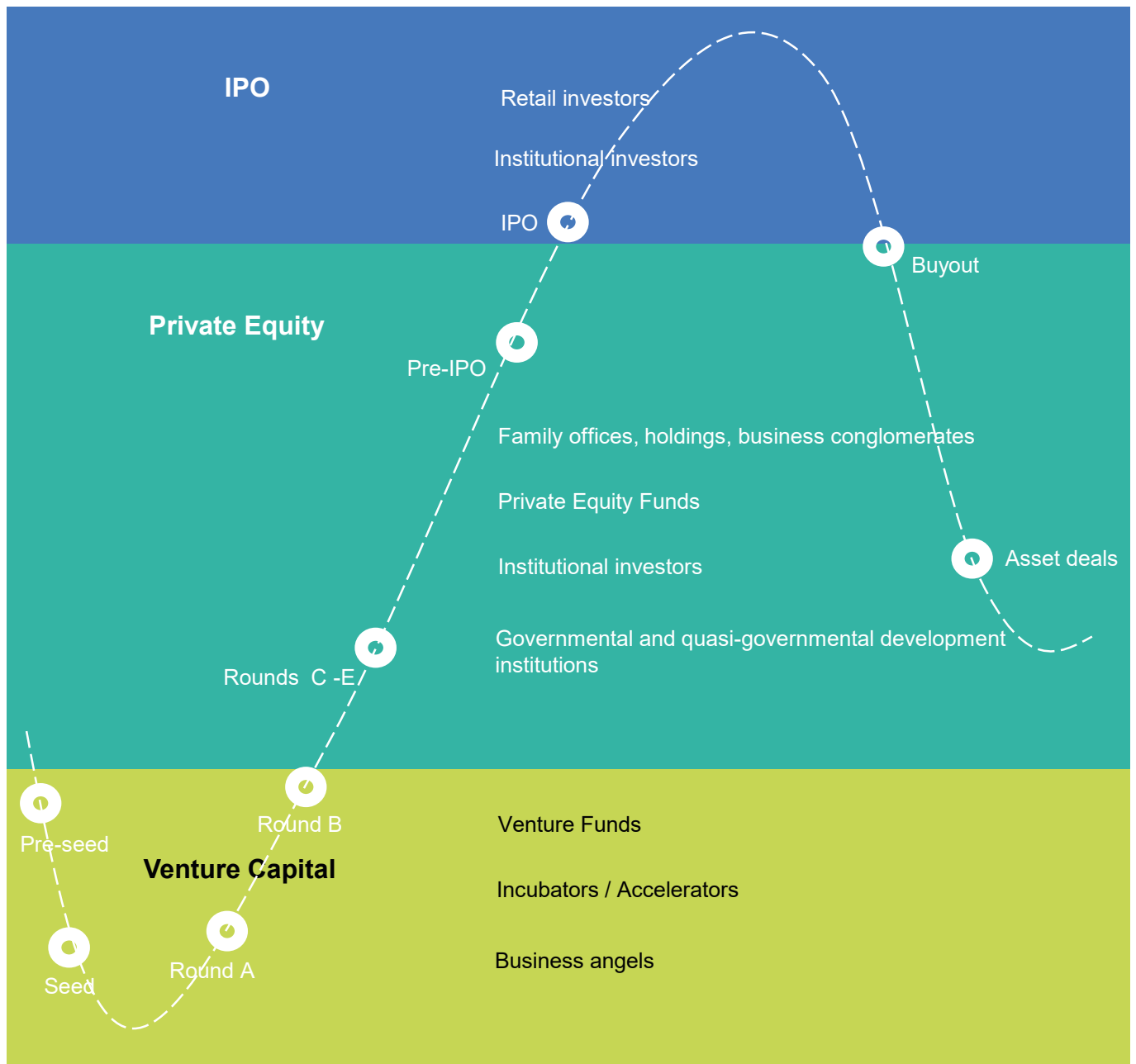
Sources of private equity



Sources of public equity

For this report, private equity refers to the deal types highlighted in the diagram with turquoise arrows

Main players by stages



Private equity market participants invest according to different strategies and at different stages of company development.

Private Equity Funds: Classification

Funds of Funds

is a collective investment vehicle that invests the capital of its participants in various investment funds

Growth funds

is a diversified portfolio of stocks with the primary goal of capital appreciation, with little or no dividends paid. The portfolio mainly consists of companies with above-average growth rates that reinvest their earnings in expansion, acquisitions or research and development (R&D).

Buyout Fund

is a type of private equity fund that typically seeks a controlling or majority (>50%) stake in a company to create value by improving the company's performance

Venture Fund

Venture capital (VC) is a type of private equity and a type of financing that investors provide to start-ups and small businesses that have long-term growth potential.

Private Equity Funds

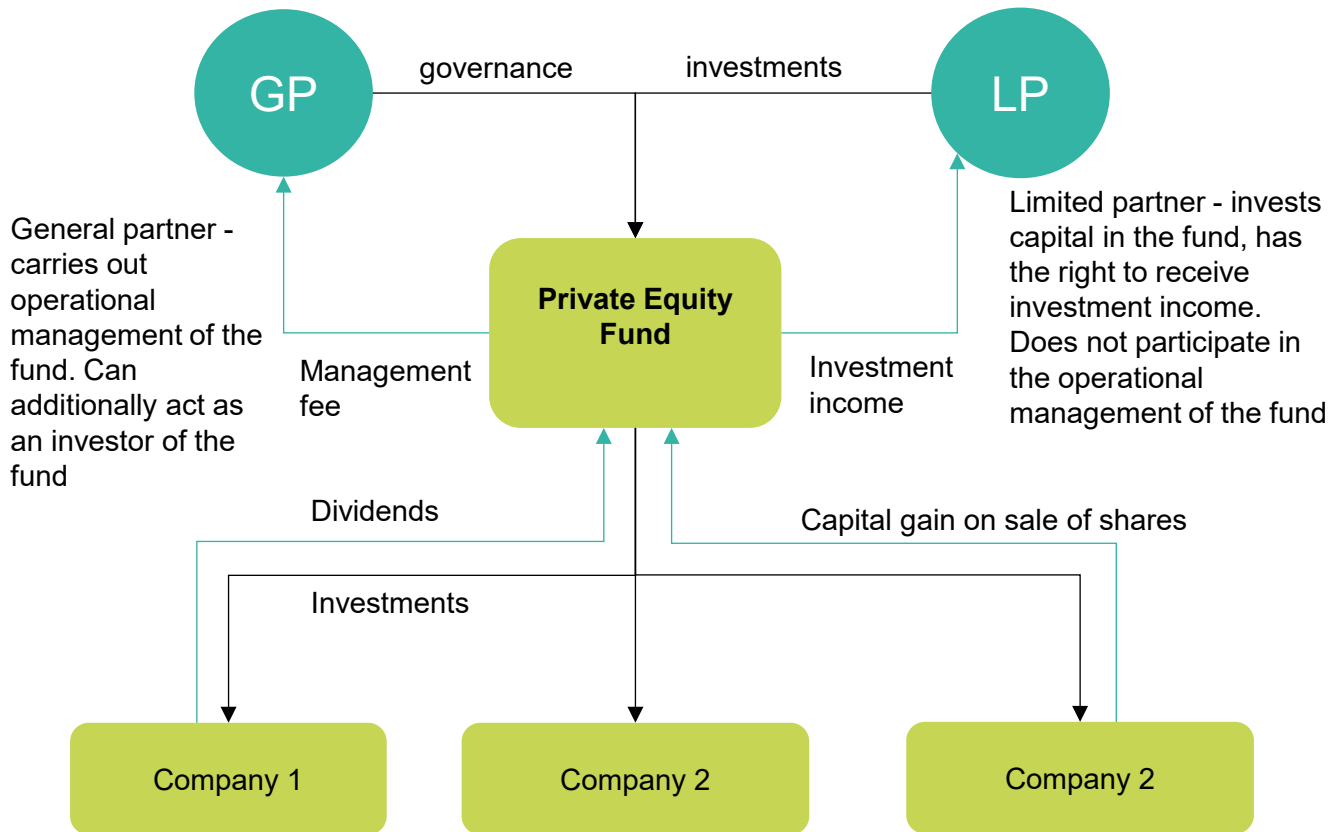


Local



International

Classical scheme of work of the Private Equity Fund

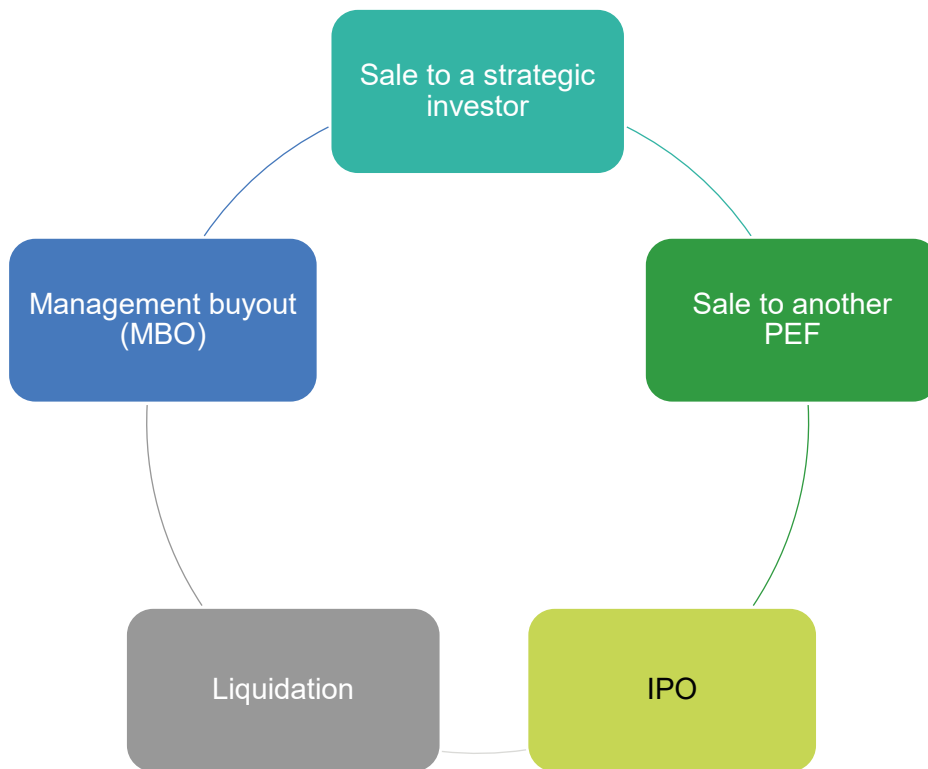


Life stages of a private equity fund



- Establishment of a fund**
 - LP capital fundraising
- Investment phase**
 - Investment selection
 - Entries in the selected companies
- Operational phase**
 - Investment management and business growth
- Liquidation**
 - Exit
 - Distribution of investment income to organized partners
 - Fund closure

Exit opportunities



While the classic most attractive route of exit in developed markets is an IPO, in Kazakhstan the most popular options are the options to sell the whole company or a stake in it to a strategic investor or other PEF/group, as well as management buyouts.

During the period under review, there were 9 IPOs (mainly financial sector companies and national companies), as well as 64 rounds of additional issuances of equity instruments on the capital markets.

Classical funds also often use a variety of option structures to structure entry/exit transactions. In particular, such instruments can be used to organise management buybacks.



According to our analysis and experience in the market, selling to a strategic investor is the highest probability exit route for startups in Central Asia.

Robin Butler, Sturgeon Capital

Overview of the major players

In 2012-2022, Kazakhstan's private equity market was at an early stage of development. Kazakh (Samruk-Kazyna, Baiterek, KazAgro, QIC) and international (IFC, EBRD, ADB) institutional investors played a significant role in the development of the market as capital providers throughout the period analyzed. They acted as limited partners in most of the classical private equity funds operating in Kazakhstan from 2012 to 2022.

The activities of family offices, representing individual high-net-worth investors or groups of such investors and their companies, were mainly focused on the core business of the main shareholders as well as on complementary/ synergistic activities to the core business. Many family offices operate on private equity principles, involving entry, development and exit at a certain milestone. Family office activity has also been influenced by changes in Kazakhstan's domestic politics. According to the survey results, family offices and business conglomerates are the most closed group in the Kazakh private equity market.

For purposes of comparability across years and with other markets, all investment figures in this study are in USD.



Source: S&P Capital IQ, market participants survey data, Baker Tilly public information analysis

	International		Kazakhstan	
	Government	Private	Government	Private
<p>Institutions for development</p>	<p>EBRD, IFC, ADB, CDC, FMO, IDB, and others</p>	<p>Kazakhstan Hong Kong Development Fund</p>	<p>Samruk-Kazyna, Baiterek, Qazaqstan Investment Corporation</p>	<p>FO/PE</p>
<p>Classic private equity funds</p>	<p>Kazakhstan Hong Kong Development Fund</p>	<p>CITIC, VPE Capital, Almak Capital, Falconry Fund, Mubadala, RCF Management, I2BF Global, Aureos Capital Limited, Centurion Resource Group, Baring Vostok Capital Partners, Developing World Markets Finance LLP, MicroVest Capital Management, LLC, ADM Kazakhstan Capital Restructuring Fund, Kazakhstan Silk Road Agriculture Growth Fund (KAGF), Falah Growth Fund LP, Zubr Capital Fund II L.P., etc</p>	<p>Baiterek Venture Fund, DBK Equity Fund, KCM Sustainable Development Fund, Kazakhstan Infrastructure Fund, Kazakhstan-Hungarian Private Equity Fund, Kazakhstan Growth Fund, Kazakhstan "Silk Road" Agriculture Fund and others</p>	<p>Family offices operating under PE principles</p> <p>Verny Capital, Ordabasy Group, Kaspi Group, VISOR, RCG, Centras, Freedom Holding and others</p>
<p>Family offices / holdings / business conglomerates</p>		<p>Transportation: TAV Kazakhstan</p> <p>FMCG: Borealis Foods</p> <p>Oil and gas: Chevron, Exxon Mobil,</p> <p>Banks: Bank of China, Goldman Sachs, PJSC Sberbank, Akfa Bank</p>		<p>Astana Group, Eurasian Group, Chagala Group Limited, KIPROS, АЛМЭК, Almaly, BI Group, Fincraft resources, Kusto Group, Eurasia Red, Prime Capital Holding, ADD Capital and others</p>
<p>Venture Funds</p>	<p>Star Ventures, IIDF</p>	<p>500 Global, Quest Ventures, Sturgeon Capital, TURN8, I2BF- ABC, Zubr Capital Fund II L.P., HR&ED-tech accelerator, Activate Venture Partners</p>	<p>BGlobal Ventures, Kazakhstan Digital Accelerator, Kazakhstan-Russian Nanotechnology Fund, KazTechVentures, Alchemist Accelerator</p>	<p>MOST, UMay Angels, BigSky Capital, MyVentures, Activat, TUZ Ventures, White Hill Capital, Paladigm Capital, basecamp ventures</p>

Analysis of M&A transactions

The limited availability of data on M&A deals with private companies is noteworthy, as even among the deals that have made it into the public domain and analytical systems, only a small part of them disclose data on the transaction value.

Our analysis is based on data from the S&P Capital IQ system, as well as data from a survey conducted in October-November 2023 among the market participants.

The survey results were partially or fully disclosed for those market participants who agreed to participate in the research. It should be noted that a substantial part of respondents refused to disclose information.

Accordingly, even if the data in the system is corrected by additionally received information, the information is not complete and may contain distortions, as large transactions have a significant impact on the distribution of volume by year, sector and type of transactions.

According to S&P Capital IQ / Preqin data, since 2012, 1169 transactions were announced in Kazakhstan, of which 925 (79%) were closed. Of these, the value details of 673 transactions were disclosed.

During 2012-2022, an average of **68 deals** were closed at **\$89B**

\$89B

Total value of disclosed equity raising transactions during 2012-2022

\$49B

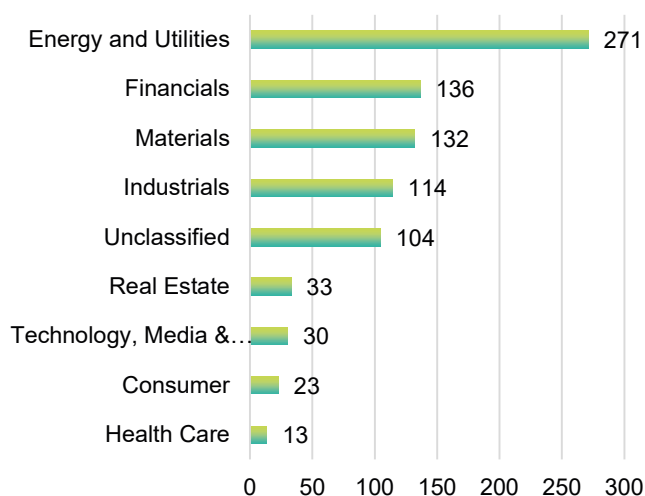
Total value of disclosed M&A (equity) transactions during 2012-2022

\$40B

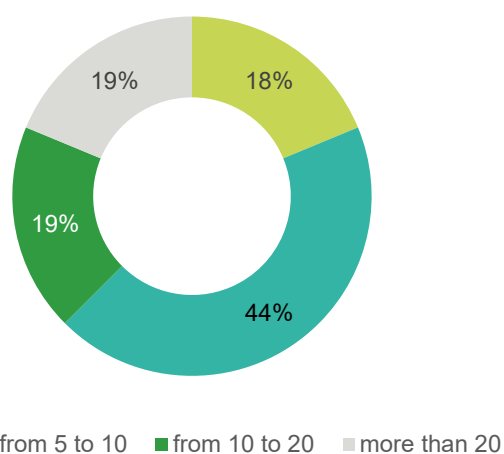
Total value of disclosed debt/mezzanine financing transactions during 2012-2022

Source: S&P Capital IQ, results of the PE/FO survey conducted by Baker Tilly

Average deal size, \$M



The structure of surveyed funds by number of deals during 2012-2022

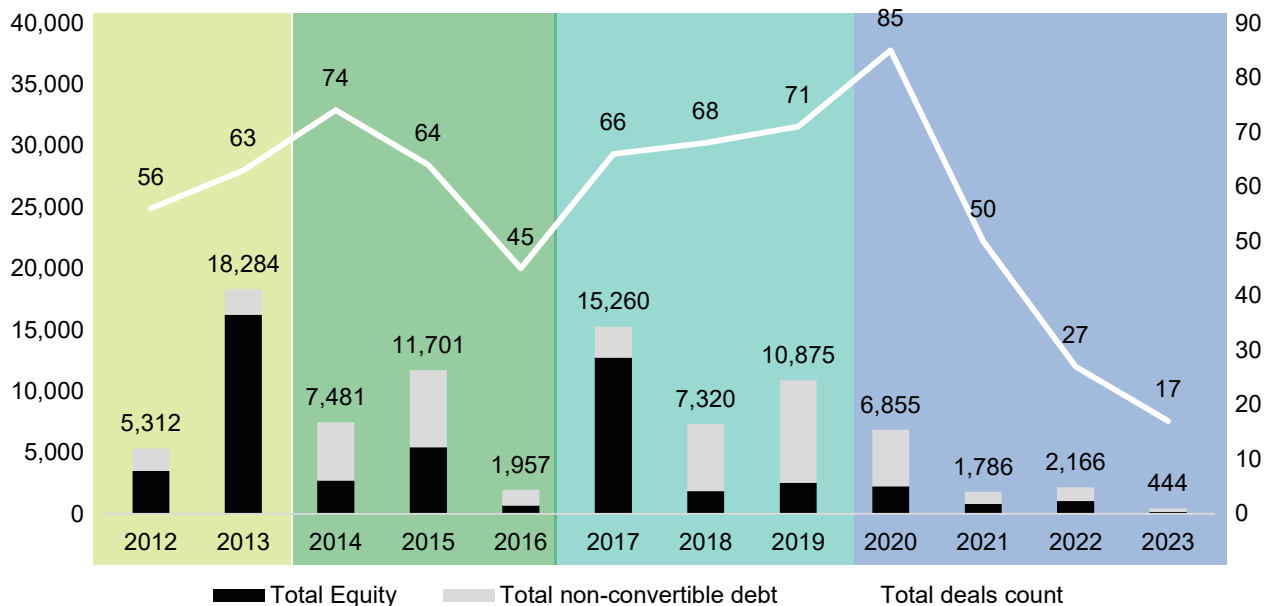


Source: S&P Capital IQ Pro, market participants survey data, Baker Tilly analysis of public information

*According to Baker Tilly analysis. Data may be incomplete due to low market transparency

Dynamics of the total volume of private equity during 2012-2022

The volume and number of M&A deals in the private equity market, \$M



The volume of private equity market transactions in Kazakhstan has been declining at a 9% CAGR between 2012 and 2022, but 3 periods can be distinguished in this 10-year interval:

Growth in the period up to 2012-2013 is due to the recovery of investment activity after the 2008-2009 crisis.

Exchange rate movements. The increase in 2014-2015 and decrease in activity in 2016 is due to fluctuations in the exchange rate of the KZT against the USD and the RUB, as well as the delayed effect of sanctions against Russia imposed after 2014.

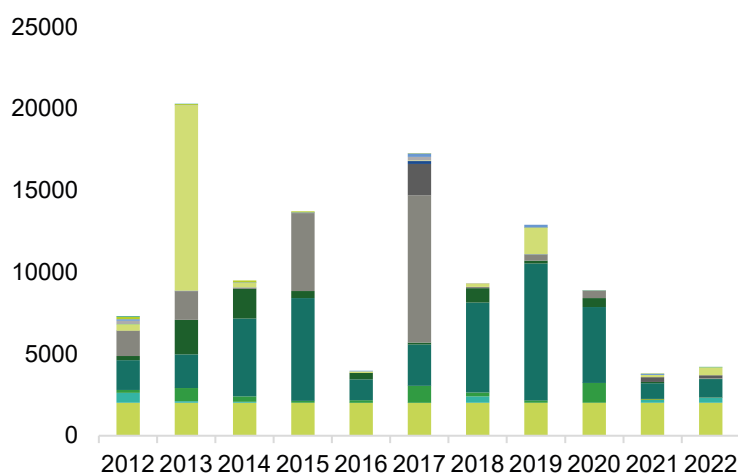
Large transactions. The period 2017-2019 was also marked by a number of large deals, mainly in the banking sector. At the same time, the number of deals also grew amid the economy's adaptation after the 2014-2016 shocks

External shocks. Reduced activity since 2020 as a result of the impact of COVID-19 in 2020-2021, and the impact of the conflict in Ukraine on regional activity in the sector. Meanwhile, 2020 is marked by a relatively high number of deals with a small average deal size, driven by the entry of several venture capital funds at once.

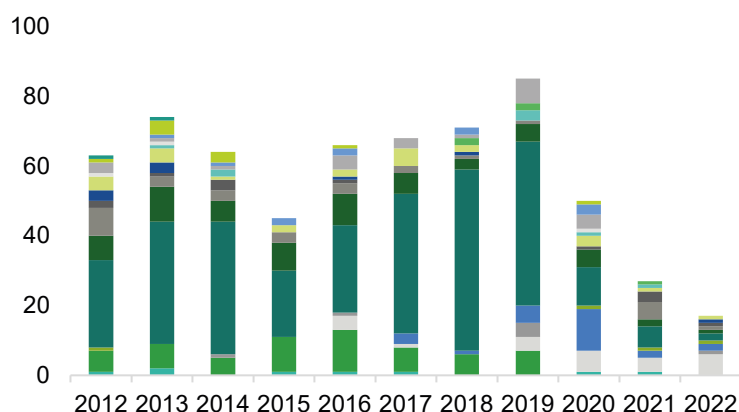
Analysis of M&A transactions

According to the survey of funds, management companies and venture funds, the majority of deals in the period under review (75%) were made with non-controlling stakes of enterprises. At the same time, it should be noted the difference in approaches between funds and Family offices. The majority of family offices, according to the survey and public data research, preferred to invest in controlling stakes. Venture capital funds, predictably, invested in non-controlling ones, while the approach of classical PEFs differed, and many of them invested in both controlling and non-controlling stakes.

The value of transactions by type, \$M



The number of transactions by type



- DCM - Preferred Equity
- ROF - Mature - >7 Yrs
- ROF - Debt - Convertible
- ROF - Early Stage - Angel
- ECM - Convertible
- M&A - Minority
- DCM - Non-convertible Debt
- ROF - Early Stage - Pre-Seed
- ROF - Early Stage - Seed
- ECM - IPO
- ROF - Growth - Series 5-7 Yrs
- ROF - Venture - <5 Yrs
- ROF - Venture - Series A
- M&A - Asset
- Buyback
- M&A - Whole
- ROF - Debt - Non-Convertible
- ROF - Early Stage - Accelerator
- ECM - Follow-on

Source: S&P Capital IQ Pro, market participants survey data, Baker Tilly analysis of public information

Non-convertible debt made up an average of 64% of deal value over the last 10 years, whereas we observe a decline in the share of private debt deals from 2019 onwards, with a much smaller slippage in the share of debt financing in the money.

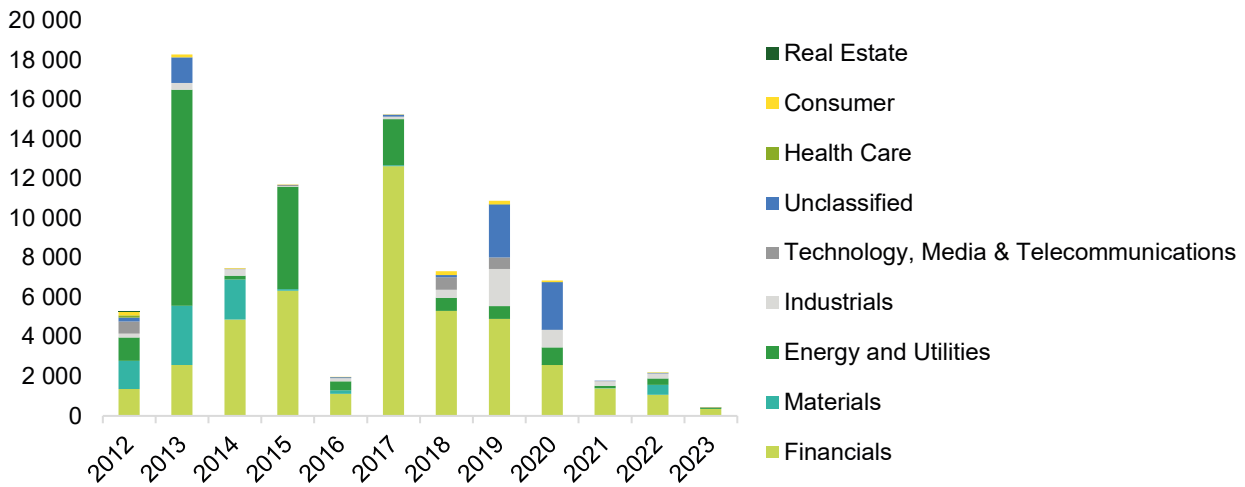
At the same time, there is a clear trend towards an increasing share of early stages in the number of deals, as well as deals with minority stakes in companies from 2019 onwards.

There is also a trend demonstrating an increase in the number of buyouts over the last 3 years - a signal that company management considers current valuation levels relatively low and sees potential for growth in the capitalization of companies.

During the survey, we gathered information on PEF and family office transactions categorized by their sector, investment stage, and preferred exit plans. However, availability of data on the regional investments was insufficient and limited due to selective provision of information by respondents and the lack of details in the analytical system concerning Kazakhstan. Therefore, we are unable to include this section in the report as it does not sufficiently represent the overall investment trends.

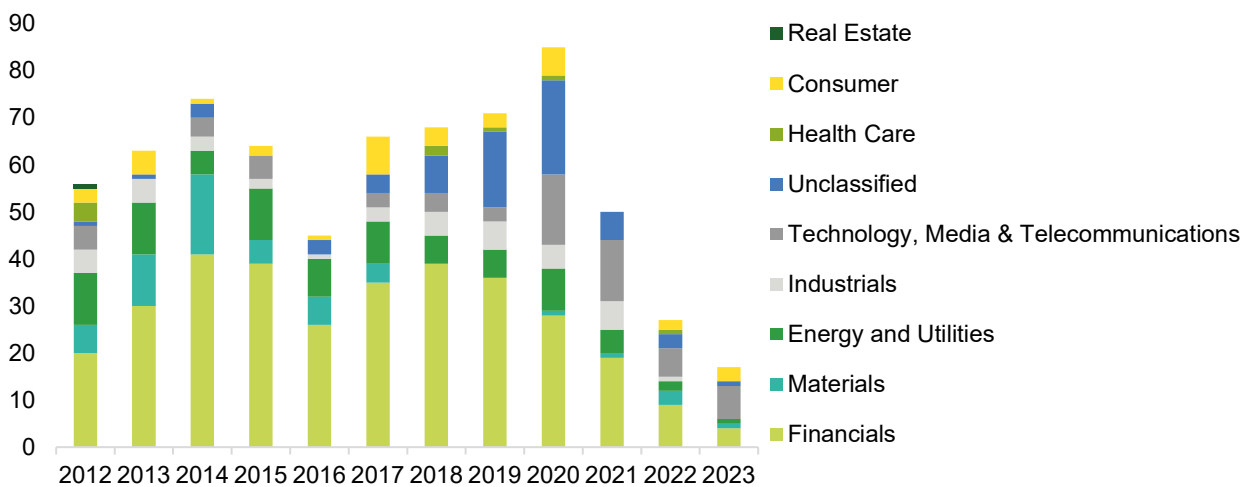
Analysis of M&A transactions

The value of transactions by sector, \$M



Source: S&P Capital IQ Pro, market participants survey data, Baker Tilly public information analysis

The number of transactions by sector



Source: S&P Capital IQ Pro, market participants survey data, Baker Tilly public information analysis

The financial sector has been the leader in terms of the number of M&A deals in the last 10 years, which is explained by the activity of banking and financial groups in the market, consolidation of the banking sector, and partly by the fintech boom.

At the same time, there has been a decline in the number of deals in the financial sector, while the number of deals in the technology, media and telecom sector has grown. This may be partially due in part to the increased activity of venture capital funds, many of which are focusing on this segment of the market.

In terms of volume, the financial sector was also among the market leaders, accounting for an average of 49% of total deal volume for the period.

When analyzing by sector, it is also important to take into account the impact of publicity: a significant number of deals related to the financial sector, in part because the financial sector is one of the most public and better at disclosure, while, for example, real estate deals are disclosed much less well and may not be included in the analytical field.

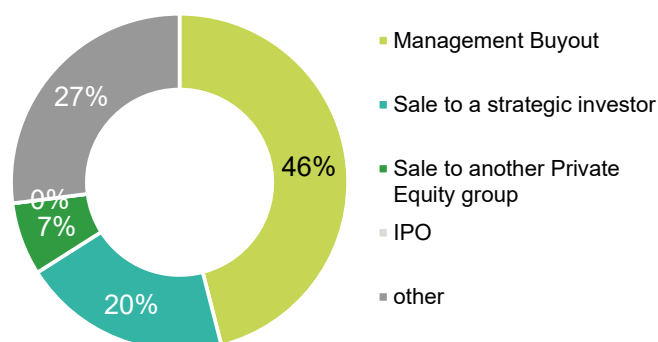
Analysis of completed exits by strategy

Based on public data and a survey of market participants, we have collected information on 57 exit transactions involving private equity funds and family offices.

According to the survey data, the most preferred transaction options are buyout by the company/its management and sale to a strategic investor. There is also an option of sale to another Private Equity group. It is noteworthy that according to the results of the survey, none of the participants realized exit through IPO, which is due to the insufficient level of development of public markets in Kazakhstan. Among the successful cases of IPO exit, we can cite the example of KASPI (partial exit of Baring Vostok), but the success of this case is due to several factors at once: in particular, innovative products, clear strategy and rapid growth of KASPI itself, as well as the fact that the IPO was held on the London Stock Exchange, which is quite difficult to achieve for an average project.

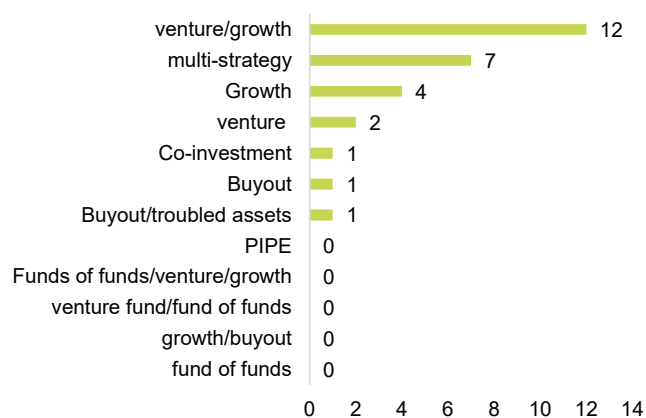


Preferred exit strategies



Source: market participants survey data

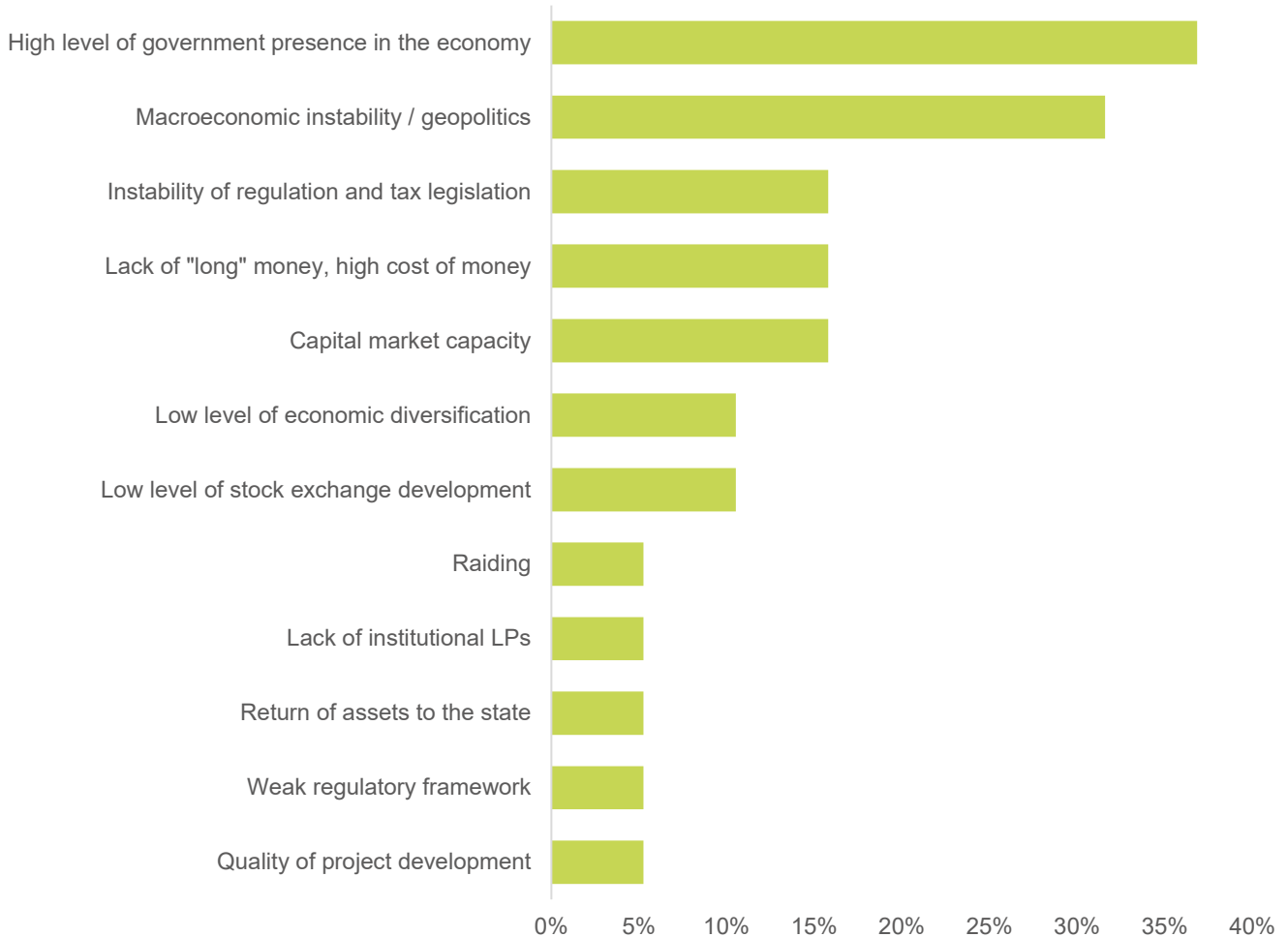
Number of exits by fund strategy



Source: S&P Capital IQ Pro, market participants survey data, Baker Tilly public information analysis

Identification of problems in the development of the private equity market in Kazakhstan

Key issues of private equity market development in Kazakhstan



Source: market participants survey data

The majority of respondents mentioned the high level of government presence in the economy, macroeconomic instability and instability of regulation and tax legislation among the limiting factors for the development of the private equity market.

Among the factors of high government involvement in the economy were mentioned state monopolies and state-owned companies that do not comply with antimonopoly legislation, interference of state authorities in the work of companies.

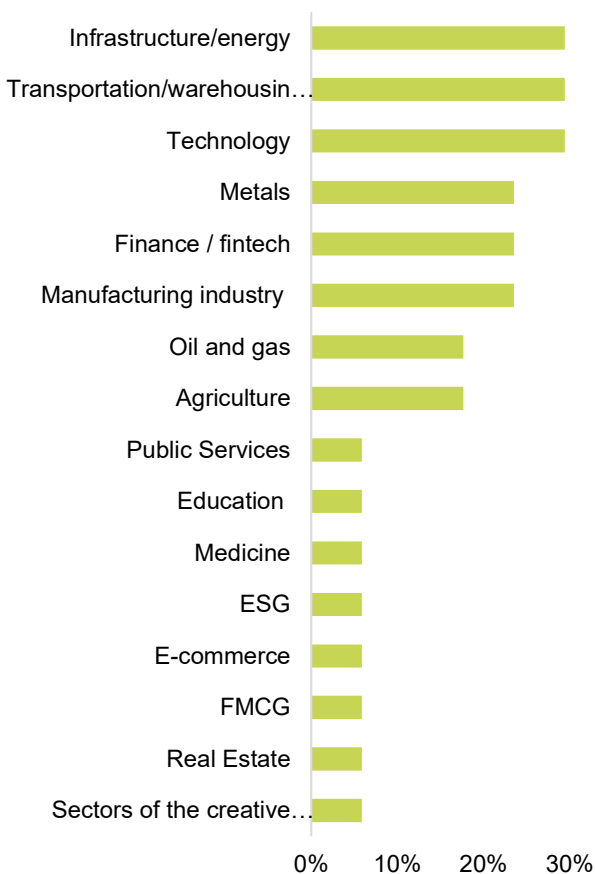
In terms of geopolitical risks, neighborhood with the Russian Federation and, the stability of the national currency were mentioned. The low capacity of capital markets, lack of long money and high cost of money in principle were also mentioned, as well as the pool of answers that can be summarized in the general category "rule of law".

Respondents' expectations of market prospects

Market growth rate forecasts by respondents varied (from 0 to +50%),

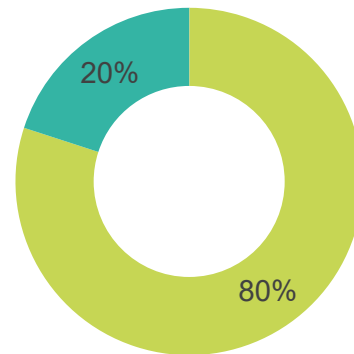
According to the surveyed market participants, the infrastructure/energy, warehousing/logistics and technology sectors will show the best growth rates in the next 3 years (about a third of the surveyed participants mentioned these sectors). Also, about a quarter of survey participants believe that metals, finance/fintech and manufacturing will be on the list of the best growth sectors.

Top growing sectors according to respondents' opinion



Source: market participants survey data

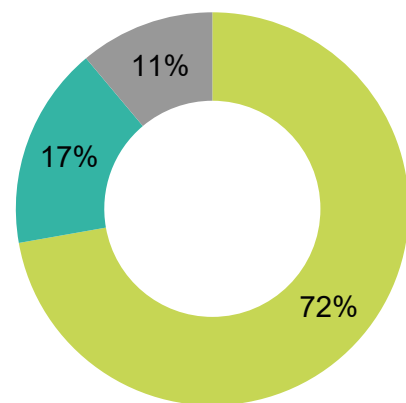
Readiness of respondents to joint investments



- Yes, with public and private partners
- Yes, only with private partners

Source: market participants survey data

Preferred sources of capital raising



- Yes, from any sources
- Yes, only from foreign investors
- not considered

Source: market participants survey data

Analysis of market participants

A total of 77 different funds/institutional investors invested in Kazakhstan companies over the 2012-2022 period, of which the majority followed growth and venture capital strategies (65%). Another 15% had no restrictions on strategy and combined multiple options. 5 funds considered a buyout strategy (some in combination with a growth strategy) and 4 acted as funds of funds.

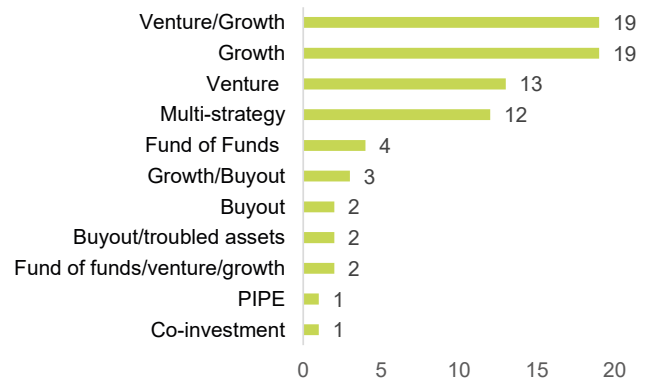
Also, in the analyzed period at least 31 family offices/business conglomerates were active as investors, some of which operated according to the principles the Private Equity principles.

A total of 57 deals worth \$3.5B were closed with the participation of PEF during the analyzed period. In terms of investment value, the maximum share in monetary terms - 64% - was invested by funds adhering to a combination of several strategies (in particular, Samruk-Kazyna).

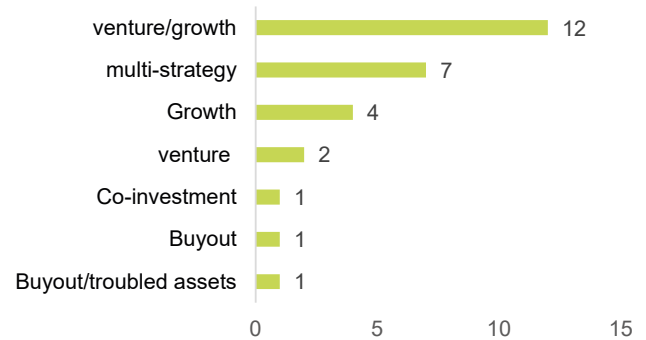
Growth funds invested 18% of the total value, and venture-growth funds - 11%.

Analysis of fund strategies by priority sectors showed interest in Kazakhstan companies of funds focusing on technology, multi-sector, energy, and finance sectors. The fifth most popular among the preferred sectors was the e-commerce sector.

Number of investors/funds by strategy

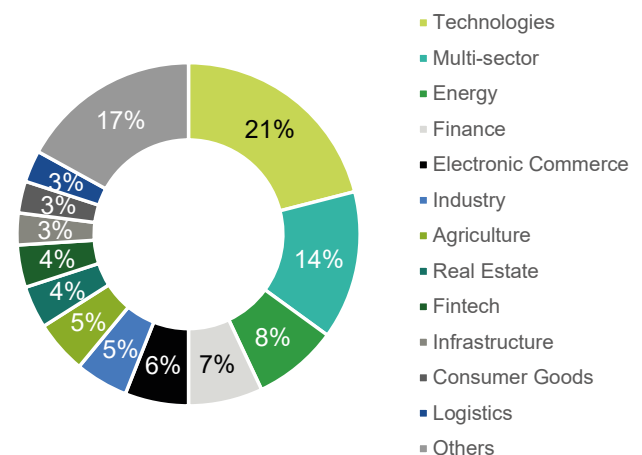


Number of exits by fund strategy

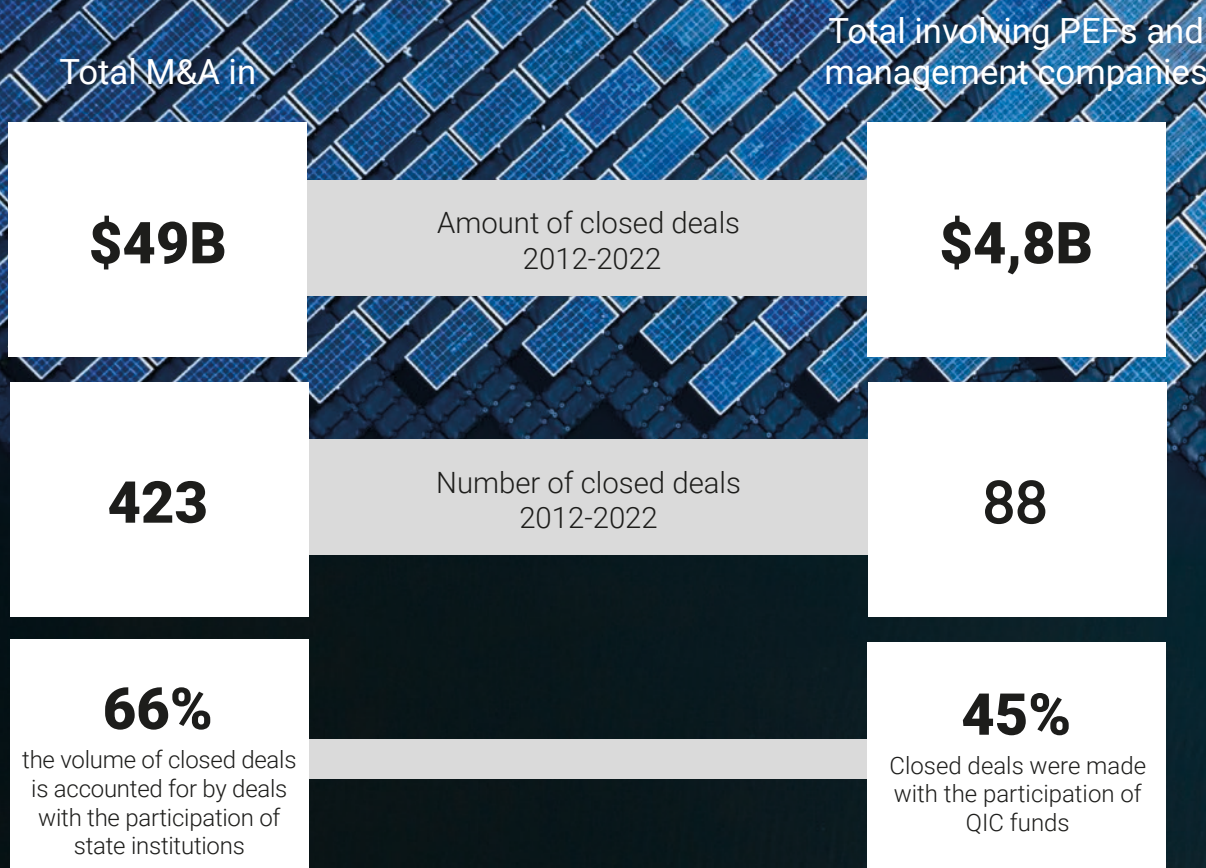


Source: S&P Capital IQ, market participants' survey data, Baker Tilly analysis of public information

Number of exits by fund strategy

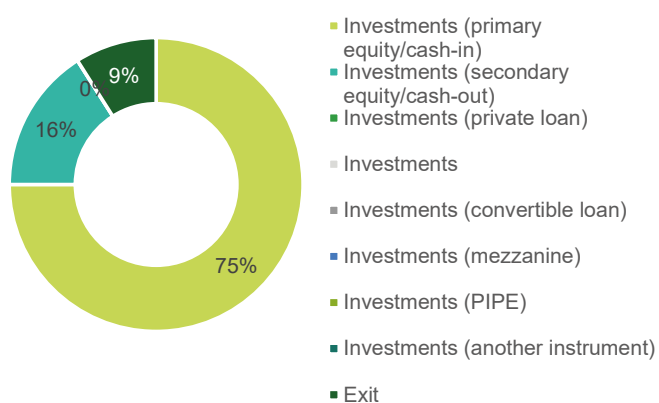


Source: market participants survey data

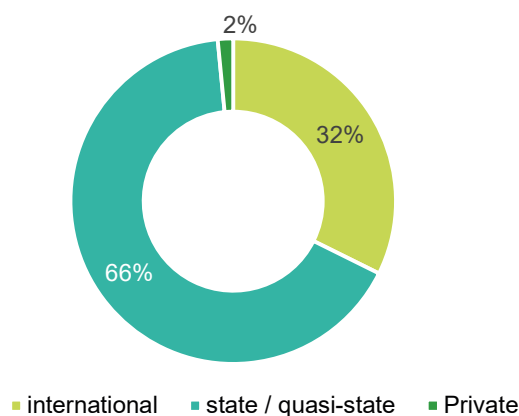


The analysis of the categories of participants showed that 66% of the deal value relate to transactions with the participation of state and quasi-state development institutions, 33% - to international investors, and the remaining 1% were done by completely local funds. It is important to note that this volume does not take into account the activities of local family offices, which operate their own and borrowed money without the formation of investment funds. According to the survey data, the most popular type of transaction was investing in non-controlling stakes in companies.

Structure of surveyed funds by type of deals



The volume of deals by the type of investor



Source: market participants' survey data

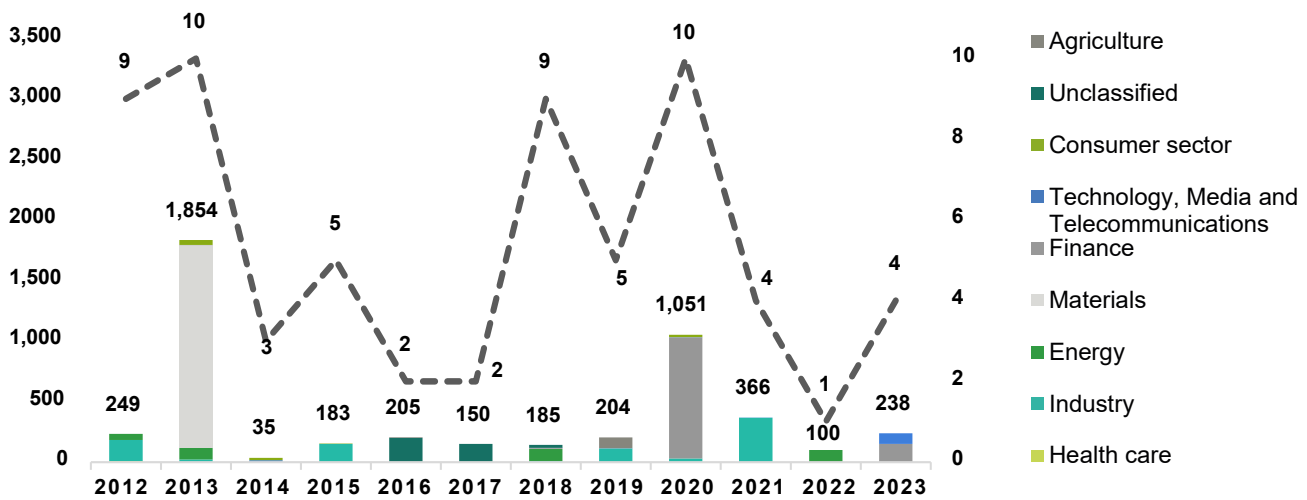
The total value of transactions involving private equity funds for the period 2012-2022, based on public data and a survey of market participants, amounted to more than \$4.8 bn.

It should be noted that in 2013 and 2020 the dynamics were significantly affected by 2 major transactions: the sale of a stake in Kazzinc by Verny Group and the exit of Baring Vostok from Kaspi.kz.

The activity of funds seems to be sporadic due to the high closeness of the market. This section includes funds according to S&P Capital IQ data, which made at least 1 deal with Kazakhstani companies in 2012-2022.

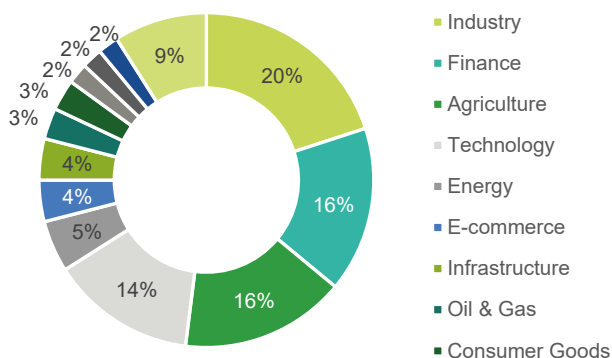
	Total deals	Amount of deals (\$M)	Average deal size (\$M)
Materials	5	1,671	334
Finance	9	1,160	129
Industry	7	812	116
Energy & Utilities	1	350	350
Technology, Media & Communications	16	106	7
Agriculture	3	95	32
Consumer sector	2	63	31
Not categorized	45	25	1
Health care	3	7	2
Total	88	4,897	

The dynamics of the volume of PEF deals and FO, \$M

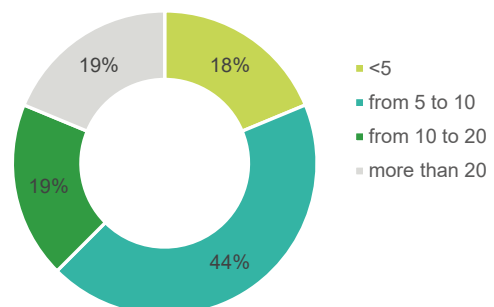


Source: S&P Capital IQ Pro, market participants survey data, Baker Tilly analysis of public information

Structure of surveyed funds by type of deals

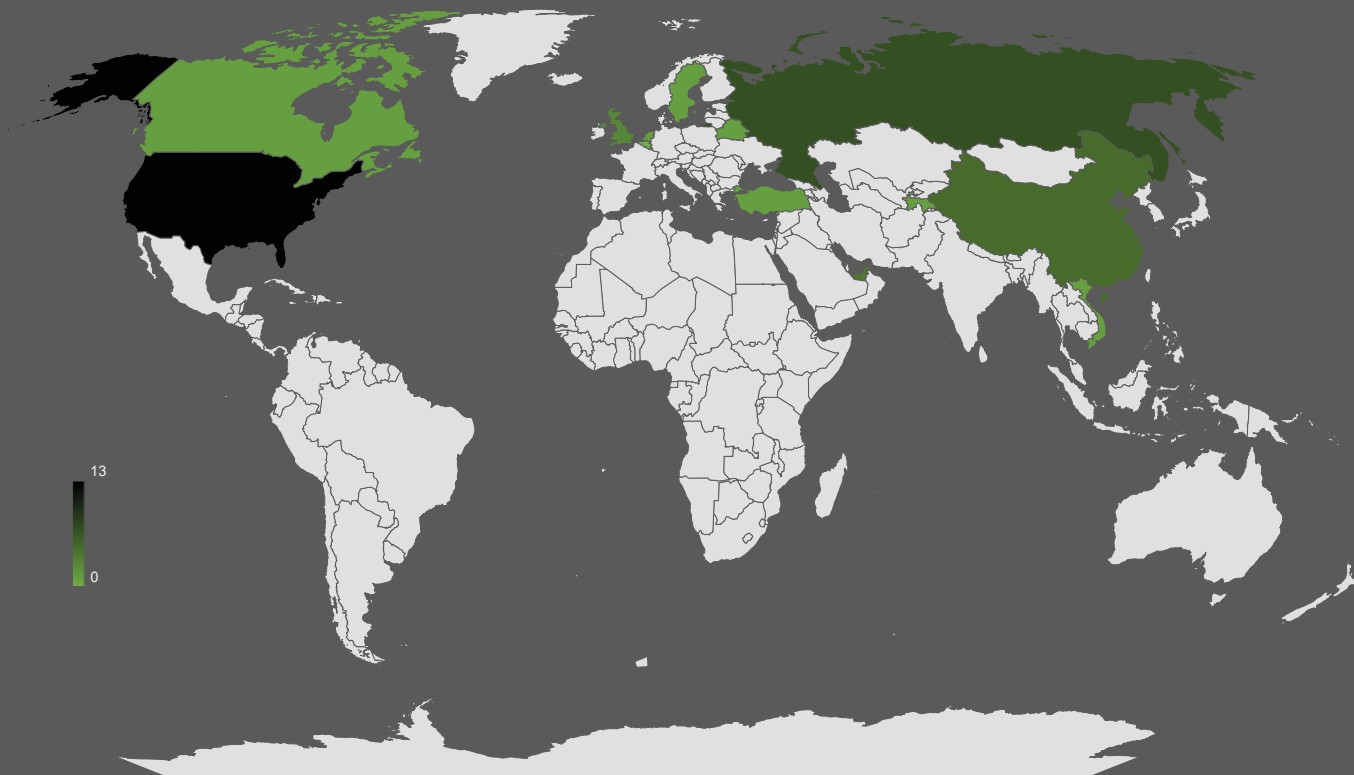


Structure of surveyed funds by number of deals for the period 2012-2022



Source: market participants survey data

International funds invested in Kazakhstan



Source: S&P Capital IQ Pro, market participants survey data, Baker Tilly public information analysis

A total of 77 different funds and MCs invested in Kazakhstani companies during 2012-2022, of which 26 - from Kazakhstan, 51 - foreign. In terms of their geographical origin, the leader among foreign private equity was North America - 13 funds, of which 12 were from the U.S. and 1 from Canada; Eastern Europe takes the second place- 11 funds, while Western Europe took the third place - 10 funds. Asian funds were represented mainly by

China and Singapore, Asian investors actively participated in interregional funds (joint China-Kazakhstan, Singapore-Kazakhstan, USA-China-Singapore).

In terms of the strategies, growth funds and venture capital funds dominated. It should be noted that in most foreign funds investing in Kazakhstan, the co-investor was QIC.



The Kazakhstan's market is among the high-risk markets but very interesting for Healthcare investor , for PE funds need capital support from international development fund and local development institutions, and it maybe difficult to attract private foreign capital due to high competition from other markets.

*Hoda Abou-Jamra,
TVM Capital Healthcare*

Funds and management companies

Technology	
Multi-sector	
Finance	
Energy	
Industry	
E-commerce	
Agriculture	
Fintech	
Materials	
Consumer Goods	
Logistics	
Real estate	
Infrastructure	

Source: S&P Capital IQ Pro, market participants survey data, Baker Tilly public information analysis

*The list is not exhaustive and is based on publicly available survey data, information systems and publicly available data

Family offices / business conglomerates*

Technology	Kaspi.kz	FREEDOM HOLDING CORP.	Kusto	TS DEVELOPMENT
Finance / Fintech	Kaspi.kz	FREEDOM HOLDING CORP.	АИМЭК	VERY CAPITAL
	FINCRAFT INVESTMENT HOUSE	SkyBridge Invest	TENGGRI CAPITAL	ФИНАНСОВЫЙ ХОЛДИНГ RESPUBLIKA
	bcc.kz	JUSAN	centras	
Oil & Gas	KIPROS	Kusto	VisorCapital	ADD Capital
				Dostar Group
Metals / Materials	KAZ MINERALS	RCCG	KAZAKHMYN	ORDABASY GROUP
	VERY CAPITAL	KIPROS	ERG	FINCRAFT INVESTMENT HOUSE
Industry	allur	GROUP ASTANA	Kusto	ORDABASY GROUP
			orbis	
Agriculture	Kusto	ORDABASY GROUP	orbis	aitas.kz
			Budan	ADD Capital
				SSAH
				Historical logo
Real Estate	BI GROUP	MERCURY properties	orbis	Sarsenov family group
	Kusto	CHAGALA	GROUP ASTANA	VERY CAPITAL
				EURASIA RED REAL ESTATE DEVELOPMENT
				ADD Capital
				TS DEVELOPMENT
Consumer Goods**	Kaspi.kz	Almaly	Prime Capital Holding	MELOMAH
	magnum	TechnoDom.kz	Prima Kus LLC	RG BRANDS FOR A LIFE
	KFP	Alina	RAIMBEK	aitas.kz
			Kusto	ADD Capital
				Dostar Group
				TEAHOUSE
Consumer Goods**	KAZ MINERALS	ORDABASY GROUP	VisorCapital	ADD Capital
				Sarsenov family group
Logistics	EASTCOMTRANS Transport & Logistics	BI GROUP		
Connection	VisorCapital	VERY CAPITAL		

Source: S&P Capital IQ Pro, market participants survey data, Baker Tilly public information analysis

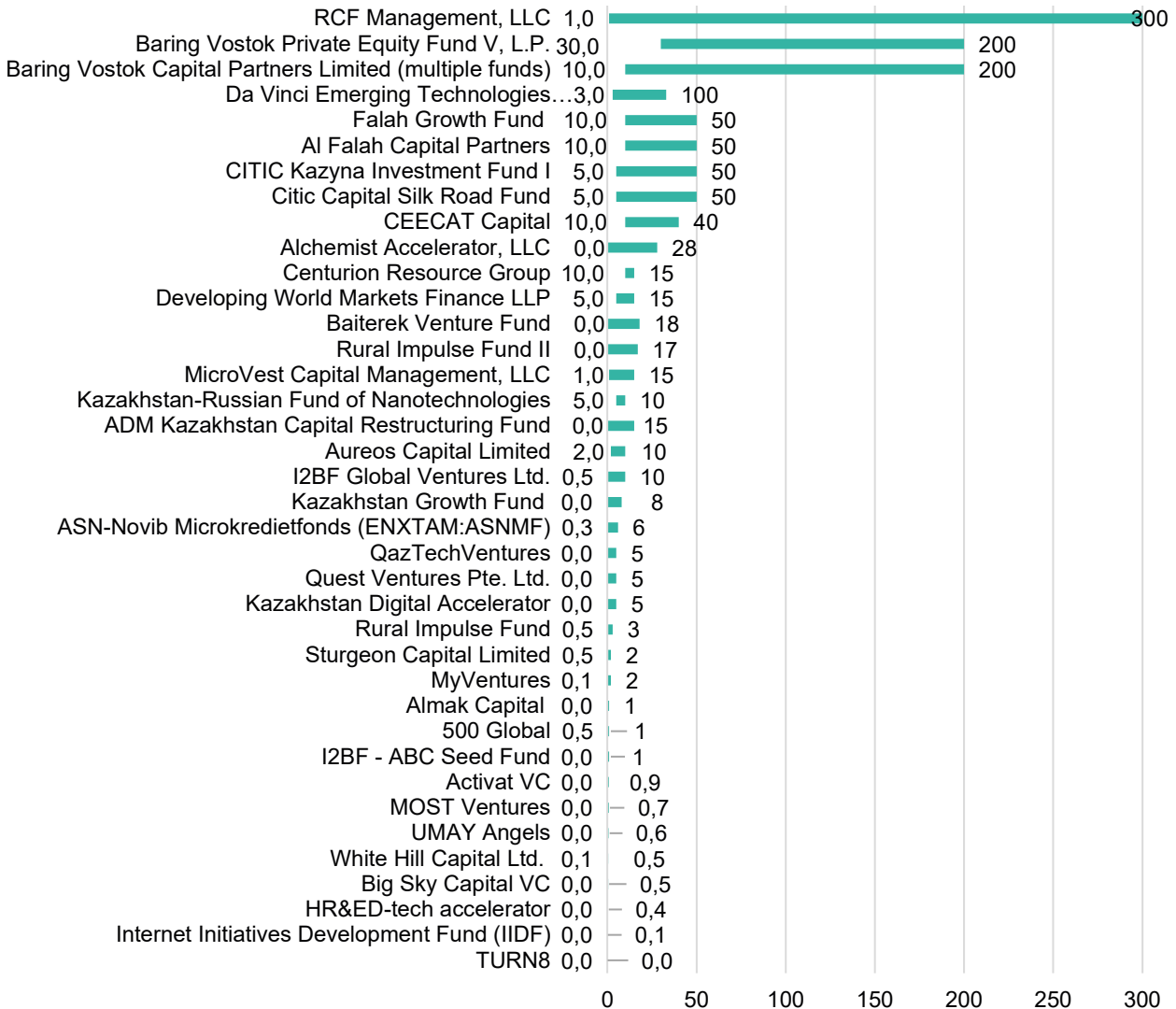
It should also be noted that some members of the Forbes list invest as individuals without forming group/holding structures.

*This list is not exhaustive

**Production & Trade

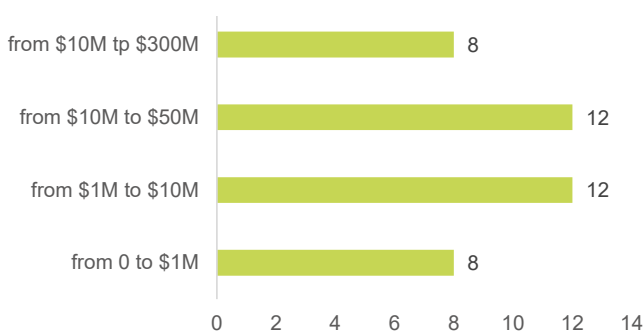
Funds by average check size

Range of check size, \$M



Source: S&P Capital IQ Pro, market participants survey data, Baker Tilly public information analysis

Distribution of funds by maximum check size



Information regarding average check size is not available for all funds, with most disclosed funds operating in the \$1M - \$50M range.

Predominantly, earlier-stage funds invest in deals in syndicates of co-investors, generally having a more diversified portfolio consisting of investments in the \$1M range.

All funds under consideration with a potential check over \$50M were of foreign origin.

AUM / Dry powder

\$107B

Disclosed amount of assets under management of all ETFs and their MCs operating in Kazakhstan

\$12,6B

The disclosed “dry powder” amount is the amount of participants’ money available for immediate investment

Source: S&P Capital IQ Pro, market participants survey data, Baker Tilly public information analysis

In terms of fund strategy, the maximum amount of “dry powder” is available to funds following combined strategies (\$8.9B) and funds of funds (\$3.5B), with about \$260M available to venture capital and growth funds.

In terms of assets under management (AUM), the distribution is similar: the maximum amount of assets are held by funds with combined strategies (\$78B), funds of funds (\$20.4B), and growth/venture funds (\$7.2B).

In the breakdown of funds by country, the maximum amounts available for investment among funds, that held deals on the territory of Kazakhstan, come to Kazakhstan funds (\$8.8B) and UAE funds (\$3.4B).



State / quasi-state development institutions

Kazakhstan

Name	Country	Description	Strategy	Sector
Sovereign Wealth Fund Samruk-Kazyna JSC	Kazakhstan	Sovereign Wealth Fund Samruk-Kazyna JSC is a sovereign wealth fund of the Republic Of Kazakhstan specializing in turnarounds. It was founded in 2008 and is based in Astana, Kazakhstan.	multi-strategy	multisector
Samruk-Kazyna Invest LLP	Kazakhstan	Samruk-Kazyna Invest LLP is a private equity firm specializing in investments in the agriculture, information technology, insurance, engineering and modernization of the economy of Kazakhstan, and green technology/green energy sectors.	venture / growth	SME, up to 49%
Development Bank of Kazakhstan JSC	Kazakhstan	Development Bank of Kazakhstan JSC operates as a development institution in the Republic of Kazakhstan. Its services include financing of investment projects and export operations, interbank lending, car loans, financing of leasing transactions, operational services, electronic banking services, and other services to medium and large businesses.	multi-strategy	Mid- and Large-Caps multisector
Qazaqstan Investment Corporation JSC	Kazakhstan	Qazaqstan Investment Corporation JSC is a private equity, venture capital arm of National Managing Holding Baiterek JCS specializing in direct and fund of funds investments. Within PE investments, it seeks to invest in middle markets, later stage, mature, turnaround, emerging growth, buyouts, and growth capital investments. Within fund of fund investments, the firm prefers to invest in private equity, venture capital, and infrastructure funds.	fund of funds	multisector

International

Name	Country	Description	Category	Strategy
International Finance Corporation (IFC)	USA	IFC – a member of the World Bank Group - is the largest global development institution focused exclusively on the private sector	international	buyouts/ distressed assets
European Bank for Reconstruction and Development (EBRD)	Europe	The EBRD is owned by 71 countries, as well as the European Union and the European Investment Bank. A clearly defined set of standards governs all our work as we strive to develop a healthy investment climate and promote environmentally and socially sound and sustainable development.	international	fund of funds
Asian Development Bank (ADB)	Asia	ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region.	international	fund of funds

**The information provided is not complete, data included based on analysis of public sources (Forbes, other publications), S&P Capital IQ database, survey results*

State / quasi-state development institutions

Name	Vintage	Country	Description	Strategy	Check	Sector
Baiterek Venture Fund	2014	Kazakhstan	Kazakhstan Growth Fund L.P. (KGF) provides private equity investments in such sectors as food processing, mining equipment, metallurgy, wood processing in the Republic of Kazakhstan (70% of the total capitalisation) and Central Asia. The lifetime of the fund will be over in December 2023.	Venture/ Growth	\$0- 17,98M	Industry
QazTech Ventures	2019	Kazakhstan	Promoting technology entrepreneurship through venture financing, business incubation and technology consulting tools	venture	\$50 K	Technology
BGlobal Ventures	2022	Kazakhstan	BGlobal Ventures Ltd. is a private company established to promote sustainable growth of the country's economy through the development of venture capital in Kazakhstan and Central Asia. The company aims to develop the venture capital ecosystem in Kazakhstan and Central Eurasia by building a broad network of investment partners and nurturing a new wave of business angels, management companies and other venture capital market participants	venture/ fund of funds	NA	Technology, climate tech, green tech,
DBK Equity Fund C.V. (DBK EF)	2017	Kazakhstan	DBKEF invests in projects supported by Development Bank of Kazakhstan JSC and Industrial Development Fund JSC within the Republic of Kazakhstan	venture/ growth	NA	IT
KCM Sustainable Development Fund I C.V. (KCM SDF)	2019	Kazakhstan	KCM SDF invests in projects in sectors such as agribusiness, manufacturing, technical services, healthcare, information and communications, energy, etc. in Kazakhstan.	growth	NA	Multi-sector

**The information provided is not complete, data included based on analysis of public sources (Forbes, other publications), S&P Capital IQ database, survey results*

International PEF/PEFs with international participation

Country/ Vintage	Name	Description	Strategy	Check	Sector
Kazakhstan 2008	Kazakhstan Growth Fund L.P.	KGF invests in private equity in sectors including food processing, mining equipment, metallurgy, and wood processing in the Republic of Kazakhstan (representing 70% of total capitalization) and Central Asia. The fund's lifespan concludes in December 2023.	growth capital / buyouts	\$0-8 M	Multisector
Belarus 2022	Zubr Capital Fund II L.P.	Zubr Capital Fund II makes equity and equity related investments in Belarus, Russia and Kazakhstan with a main focus on IT companies and companies targeting consumer markets of the Customs Union of Belarus, Russia, Kazakhstan and other countries with the objective of achieving long-term capital growth. Products with potential to scale on international markets	Venture / Growth	NA	KClassifieds, Fin-tech, E-commerce, Cloud & SaaS
UK 2021	Da Vinci Emerging Technologies Fund III L.P. (Da Vinci)	Da Vinci invests in projects involving software development, IT infrastructure, and telecommunications, as well as financial and B2C/B2B technologies in the IT industry across countries that belong to CIS, including Kazakhstan, and Europe.	multi-strategy	\$3-30 M	Multisector
UK 2009	Macquarie Russia and CIS Infrastructure Fund C.V. (MRIF)	Established in 2008, invests in transportation infrastructure and power industry.	multi-strategy	NA	
Kazakhstan 2018	I2BF - ABC Seed Fund	I2BF - ABC Seed Fund specializes in seed investments.	Venture	\$0-1M	technology
Kazakhstan 2018	Kazakhstan Infrastructure Fund	KIF engages in private equity investments in infrastructure projects in the Republic of Kazakhstan.		NA	infrastructure, logistics, privatization, consumer spending growth and transportation.
Kazakhstan 2012	Kazakhstan-Russian Fund of Nanotechnologies	Kazakhstan-Russian Nanotechnology Fund is a joint fund of VTB Capital Asset Management and I2BF, specialising in investments in early and medium-sized venture capital companies. The fund seeks to invest in nanotechnology. The fund is at the stage of monitoring and realising portfolio companies.	Venture	\$5-10 M	Multisector
Kazakhstan 2015	Kazakhstan-Hungarian Private Equity Fund	The fund was established by JSC «National Management Holding «KazAgro» jointly with the Hungarian Export-Import Bank, the fund was transferred to QIC in December 2021. The Fund is at the stage of monitoring portfolio companies.	Growth	NA	Agriculture
Kazakhstan 2018	Falconry Fund	Falconry Private Equity Fund is the inaugural fund managed by Falconry Capital. The fund seeks to invest within the food and catering industries primarily in Kazakhstan and other CIS countries.	Growth	NA	Food & Beverage
China 2016	CITIC Kazyna Investment Fund I L.P.	CITIC Kazyna Investment Fund I L.P. was launched in 2010. It invests in infrastructure, commodity sectors (except oil and gas), real estate. The fund is at the stage of monitoring portfolio companies.	Venture/ Growth	\$5-50 M	Infrastructure, resources (except for oil and gas) real estate

*International funds are defined as funds with foreign/ international participants and/or managed by international management companies.

Country/ Vintage	Name	Description	Strategy	Check	Sector
China 2016	Jiangsu Lianyungang International Logistics Park Investment Co., Ltd.	Jiangsu Lianyungang International Logistics Park Investment Co., Ltd. specializing in China–Kazakhstan investment. The fund prefers to investment in Lianyungang City.	Fund of Funds	NA	Logistics
Luxembourg 2010	Rural Impulse Fund II	Rural Impulse Fund II specializes in investments through debt and equity in rural microfinance institutions. It focused on Africa, Asia, and Latin America. The fund also seeks to invest in financial services including commercial micro finance institutions that offer services in disadvantaged rural areas and rural poor. The Fund seeks to invest at least EUR 125,000 (USD 170,000). The Foundation invests in developing countries around the world.	Multi-strategy	\$0,17M	Financials
International 2015	Kazakhstan Silk Road Agriculture Growth Fund (KAGF)	CCL Kazakhstan Silk Road Agriculture Growth Fund specializes in equity, quasi-equity, and convertible-debt investments. The fund seeks to invest in agriculture and food companies with a focus on food chain, including in production, processing, storage, and logistics companies. It prefers to invest in meat, dairy, grains, oilseeds, vegetables, fruits, and fish food categories at each stage. The fund usually invests in Kazakhstan and its neighbors.	Venture/ Growth	NA	Agriculture
Netherlands 1996	ASN-Novib Microkredietfond (ENX-TAM:ASNMF)	ASN-Novib Microkredietfond is a micro finance institutional lender based in Hague, Netherlands. The fund provides loans to micro finance institutions (MFI's) with view to expand small businesses in less developed countries. The fund operates through ASN Bank and also invests in private loans and equity investments.	Growth	0,25 - 6M	Micro Finance Institutions (MFIs) and financial intermediaries
UAE 2008	Falah Growth Fund LP	Falah Growth Fund LP specializes in investments in oil and gas, mining, energy, infrastructure and other sectors. The Fund prefers to invest in Central Asia with a focus on Kazakhstan.	Growth	\$10-50 M	Multisector
Russia 2013	Internet Initiatives Development Invest Fund	Internet Initiatives Development Fund Invest is an Investment Arm of Internet Initiatives Development fund and is an accelerator and venture capital firm specializing in investments in seed, startups, and early stage companies. It invests in cyber security, e-commerce, financial services, internet, online projects, technology and solutions for telecommunications, enterprise software platform for big business, machine learning, monetization and distribution of digital content, information security and protection of intellectual property on the internet, big data, the internet of things and portable devices (wearable) and in the Fintech sector. The firm primarily invests in Russia.	Venture/ growth	\$0,0144 M	Fintech, Technology, Telecom

**International funds highlighted in color - with QIC participation*

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International funds mean funds with foreign/international participants and/or managed by international management companies

Country/Vintage	Name	Description	Strategy	Check	Sector
Russia 2015	Baring Vostok Private Equity Fund V, L.P.	Baring Vostok Private Equity Fund V, L.P. specializes in making investments in early venture, buy-outs, and mid-capitalization companies. The fund seeks to invest in medium-sized projects and companies and middle market companies in the internet, software development, media, telecommunications, finance services, consumer goods and services, and natural resources. It seeks to invest in companies based in Russia, Kazakhstan, Ukraine, and other CIS countries, and Mongolia. The fund typically invests between \$30 million to \$200 million in each company. It does not plan to invest more than 25 percent of its equity in any of the sectors or over 15 percent in any company. Baring Vostok Private Equity Fund V is comprised of Baring Vostok Private Equity Fund V with a target size of \$1 bn and Baring Vostok private equity fund V Supplemental fund a co-investment fund with a target size of \$450 mln.	Buyout	\$30-200 M	Consumer Discretionary, Financials, Information Technology, Communication Services
Russia 2007	Baring Vostok Private Equity Fund IV Co-Invest	Baring Vostok Private Equity Fund IV Co-Invest seeks intermediate and long-term capital appreciation through negotiated transactions involving primarily equity and equity-like investments in companies operating in middle-market enterprises operating primarily in Russia, Kazakhstan and Ukraine as well as other CIS, Baltic countries and Mongolia	Co-investment	NA	Middle-market
Russia 2012	Baring Vostok Private Equity Fund V Supplemental and strategy.	Baring Vostok Private Equity Fund V Supplemental co-invests with Baring Vostok Private Equity Fund V (the Main Fund) in transactions that are of a size and scale that exceed the Main Fund's desired diversification limit and strategy. The fund invests in medium-sized companies operating in the Russian Federation, Kazakhstan and Ukraine as well as in other CIS countries and Mongolia	growth	NA	Middle-market
USA 2018	Volvo Cars Technology Fund	Volvo Cars Technology Fund is a venture capital fund specialized in directly investing. It specializes in investments in startups. The fund seeks to invest in technology companies in the automotive industry with a focus on artificial intelligence, electrification, autonomous driving, and digital mobility services around the globe.	Venture/growth	NA	Information Technology
USA 2009	MicroVest II-A, LP	MicroVest II is a growth expansion fund managed by MicroVest Capital Management. The fund is based in Bethesda, Maryland. The fund will act as an intermediary between investors and financial institutions serving low-income communities. The securities issued by MicroVest II, LP have not been registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States without registration or an applicable exemption from the registration requirements.	growth	NA	Funds
Turkey, China 2010	Kazakhstan Capital Restructuring Fund	Kazakhstan Capital Restructuring Fund - established in 2010, with a total size of \$100 mln, invests in Kazakhstan companies in the non-resource sector.	buyouts/dis-tressed assets	\$0-15M	SME non-resource sector

**Funds highlighted in color - with QIC participation*

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International Management Companies

Country/ Vintage	Name	Description	Strategy	Check	Sector
UK 2010	Sturgeon Capital Limited	Sturgeon Capital Limited is a venture capital firm specializing in Seed up to Series A, and follow-on up to Series B and early-stage investments. The firm is industry agnostic with a focus on fintech, B2B software, and marketplaces. It invests in Bangladesh, Central Asia, Egypt and Pakistan region. It typically invests between \$0.5 million and \$2 million. Sturgeon Capital Limited is based in London, United Kingdom	venture	\$0.5-2 M	Fintech, Software, marketplaces
Kazakhstan 2020	Kazakhstan Digital Accelerator	Kazakhstan Digital Accelerator is an accelerator and venture capital firm specialising in startup investments in technology sectors in Kazakhstan. The firm invests up to \$50,000 in startups. Kazakhstan Digital Accelerator was founded in 2020 and is headquartered in Kazakhstan.	venture	\$0.05 M	Technology
China 2009	CITIC Kazyna GP Ltd.	CITIC Kazyna GP Ltd. is a private investment firm. CITIC Kazyna GP Ltd. is based in Hong Kong, Hong Kong with an additional office in Beijing, China and Kazakhstan.	Venture/ Growth	\$5-50 M	Energy, Infrastructure, Logistics, Agriculture/Farming
UAE 2013	TURN8	TURN8 is an investment arm of DP World Limited. It is an accelerator specializing in incubation, seed, and startup investments. The firm seeks to invest in web or mobile applications, E-commerce portals, Arabic content advancements, education and e-learning enhancements, sustainable living technologies, crowdsourced services, social networking innovations, and healthcare technologies.	venture	\$0.024-0.03 M	Startups
UAE 2015	Almak Capital	Almak Capital Fze is an asset management company. It is based in Umm Al-Quwain, United Arab Emirates. Acts as a consultant, providing access to various private equity/venture deals	multistrategy	\$1M	multisector
UAE 2011	Mubadala	Mubadala Capital is an investment firm specializing in fund-of-funds investments, direct investments, and co-investments in funds. Within direct investments, the firm seeks to make early-growth and Series A investments. It prefers to invest in enterprise technology, sports, media, entertainment, consumer food and energy infrastructure sectors in North America and Europe. Within fund-of-funds investments, the firm seeks to invest in both established and emerging fund managers and venture capital funds based in Europe, North America and the United States. Mubadala Capital was founded in 2011 and is based in Abu Dhabi, United Arab Emirates with additional offices in San Francisco California; New York, New York; Rio de Janeiro, Brazil; and London, United Kingdom. It operates as a subsidiary of Mubadala Investment Company.	fund of funds / venture/ growth	NA	multisector
Russia 1994	Baring Vostok Capital Partners Limited	Baring Vostok Capital Partners Limited is a venture capital and private equity firm specializing in investments in early-stage ventures, acquisitions, Buyouts, growth, and late-stage, middle market and mid-market businesses.	Multistrategy	\$10-200 M	multisector

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Country/ Vintage	Name	Description	Strategy	Check	Sector
Russia 2010	VPE Capital	VPE Capital is a private equity firm specialize in mid-sized companies and growth capital. It typically invests in sector-agnostic equity and equity-linked investments especially in renewable energy, retail & logistics, fintech, agriculture, small scale power generation and, real estate. It prefers to invest in Russia, Kazakhstan, Rotterdam, Duisburg, Moscow, Istanbul, Tehran, Dushanbe, Samarkand, Bishkek, Nur Sultan, Huoerguosi, Urumqi, Lanzhou, Xian, Venice, Athens, Nairobi, Kolkata, Colombo, Kuala Lumpur, Jakarta, Hanoi, Beihai, Haikou, Zhanjiang, Guangzhou, Quanzhou and Fuzhou. VPE Capital was founded in 2010 and is headquartered in Moscow, Russia with an additional offices in Moscow, Russia and Abu Dhabi, the United Arab Emirates.	growth	NA	Financials, Real Estate, Energy and Utilities, Materials, Health Care, Industrials, Consumer, Technology, Media & Telecommunications
Singapore 2011	Quest Ventures Pte. Ltd.	Quest Ventures Pte. Ltd. is a venture capital and private equity firm specializing in seed, start-up, early-stage, growth, expansion, and mature-stage investments. The firm seeks to invest in the digital economy, financial technology, Internet industry, agri-food tech, smart cities/urban solutions spaces, and digital commerce across Asia with a focus on China and Southeast Asia.	venture/ growth	\$0.05M	Technology, fintech, E-commerce
Singapore, Kazakhstan 2018	Investbanq (Paladigm Capital)	Paladigm Capital is an innovative asset management company providing access to the best investment solutions and tools for successful asset management and return enhancement. Manages Paladigm Atlas Fund, Paladigm Ventures, Paladigm EM (Emerging Markets) funds	venture/ growth	NA	Fintech, Technology
USA 2013	Centurion Resource Group	Centurion Resource Group is a private equity and venture capital firm specializing in middle market, emerging growth, buyout, PIPEs, asset purchases, joint ventures, growth capital, mezzanine debt, convertible preference shares, roll-ups, resource accretions, selective privatizations, and industry consolidation investments.	venture/ growth	\$10-15M	copper, gold, base metals, ferrous metals, and rare metals
USA 2023	Developing World Markets Finance LLP	Developing World Markets Finance LLP is a principal investment firm specializing, investments with positive social and economic impact, microfinance institutions in emerging and frontier markets. Developing World Markets Finance LLP is based in Stamford, Connecticut.	venture/ growth	\$5-15 M	Microfinance, SMEs
USA 1998	RCF Management, LLC	RCF Management, LLC is a venture capital and private equity firm specializing in investments in buyouts, early venture, later stage, emerging growth, growth capital, bridge, industry consolidation, PIPES, development capital, rollup, and distress situations. The firm does not invest in oil and gas sector. It typically invests in opportunities that arise due to corporate financial issues and not project-related technical issues. The firm also provides bridge loans and credit support. It invests in all hard rock mineral commodities and in mining and metal companies, growth-oriented mining companies, mining industry software, enterprise software, metal and mineral mining machinery and equipment and precious metals and minerals.	multistrategy	\$1-300 M	Mining, software

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Country/ Vintage	Name	Description	Strategy	Check	Sector
USA 2005	I2BF Global Ventures Ltd.	I2BF Global Ventures Ltd. is a venture capital firm specializing in investments in seed/startups, growth capital, early, mid venture, and late venture stages. For its venture capital investments, it prefers to invest in technology oriented clean-technology companies, nanotechnology sector with a focus on the resource sector, water, agriculture, space, industrial processes and technologies, water use and purification technologies, solar energy, wind energy, energy storage technologies, energy efficiency, and automotive, digital, power storage, oil and gas, telecommunications, biotechnology, life sciences, aerospace, electronics, environmental technology, renewable energy, and clean energy.	venture / growth	\$0.5-10M	Multi-sector
USA 2012	Alchemist Accelerator, LLC	Alchemist Accelerator, LLC is an accelerator specializing in incubation, seed-stage/startups, early-stage and growth capital. The firm is sector-agnostic. The firm typically invests in Europe. The firm runs six-month programs and accepts 13 firms every four months. It invests \$28,000 in seed funding. Alchemist Accelerator, LLC was founded in 2012 and is based in San Francisco, United States.	venture / growth	\$0.028M	Multi-sector
USA	500 Global	500 Global invests in projects in industries such as IT, including internet and information technologies and/or other technology-related areas in the US and other markets, including Kazakhstan.	venture / growth	\$0.5-1M	multi-sector
USA 1999	Activate Venture Partners	Activate Venture Partners, formerly known as Milestone Venture Partners, Inc., is a venture capital firm specializing in early stage and growth capital investments and early institutional rounds. The firm does not invest in medical device or drug companies. It seeks to invest in media and marketing services, digital health, digital media, healthcare information technology and services, marketing services, enterprise technology, and financial services information technology sectors with a focus on technology enhanced service businesses providing software as a service, fintech, data-as-a-service and mobile applications, content with web services, and businesses process outsourcing solutions. In digital health companies, the firm invests in companies which provide software and data services to providers, payors, biopharmaceutical firms, and patients.	venture / growth	NA	Multi-sector

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Country/Vintage	Name	Description	Strategy	Check	Sector
USA 2003	MicroVest Capital Management, LLC	MicroVest Capital Management, LLC is a private equity firm specializing in investment buyouts, and small and medium-sized investments. The firm invests through the mPower Investment Program. It prefers to invest in low-income financial institution (LIFIs) that includes microfinance institutions; SME Finance-Banks; SME Finance-Factoring; full full-service banks. The firm prefers to invest in consumer finance. It prefers to invest in companies based in the Middle East, Latin America, Central America, Mexico, the United States, Canada, Europe, Eastern Europe, Asia, and the Indian Sub-Continent. The firm typically invests between \$0.1 mln and \$15 mln in its portfolio companies. It prefers to take a majority stake in companies. The firm invests in the form of debt, loan guarantees, equity (with an exit strategy), and quasi-equity sub-debt. MicroVest Capital Management, LLC was founded in 2003 and is based in Bethesda, Maryland.	buyouts	\$0.1-15M	Finance
USA, Kazakhstan and Singapore 2022	Big Sky Capital VC	Big Sky Capital VC is a venture capital firm specializing in early-stage and startups. The firm prefers to invest in cybersecurity, health technology and fintech. It invests between \$0.25 mln to \$0.50 mln per investment. Big Sky Capital VC is headquartered in Miami, Florida with additional offices in Kazakhstan and Singapore.	Venture/Growth	\$0.025-0.05M	cyber-security, health technology and fintech
Turkey 2004	CEECAT Capital	CEECAT Capital is a private equity and venture capital firm specializing in turnaround, distressed/vulture, middle market, mature, later stage, growth capital, bridge, buyout and PIPES investments. It seeks investments in manufacturing, food processing, consumer goods, business services, energy, infrastructure, real estate, telecommunications, media and technology, consumer durables, industrials, materials, transport, and logistics and healthcare sectors. The firm prefers to seek investments in Central and Eastern Europe, Turkey, Kazakhstan, CIS and Central Asia. The firm seeks investments in companies with EBITDA of €2.0 mln (\$2.29 mln) and above and makes equity investments from €8.88 mln (\$10 mln) to €36.22 mln (\$40.81 mln). The firm prefers to seek a majority and minority stake. CEECAT Capital was founded in 2004 and is based in Istanbul, Turkey with additional offices in Schuttrange, Luxembourg; London, United Kingdom; Bucharest, Romania; Belgrade, Serbia and Almaty, Kazakhstan.	Multistrategy	\$10-40M	Real Estate, Energy and Utilities, Materials, Health Care, Industrials, Consumer, Technology, Media & Telecommunications

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Privately owned PEFs and Management Companies in Kazakhstan

Name	Vintage	Description	Strategy	Check	Sector
Activat VC	2014	Invests in IT startups at an early stage of development. The focus is on projects in HR-tech, MedTech, E-commerce, BigData and others.	venture	\$0.01-0.85M	Technology
Alpha State Management	2020	Private Equity fund investing in Uranium, Energy sector, gold.	PIPE	NA	Uranium
MOST Ventures	2020	MOST Ventures is a Kazakhstan-based privately-held venture investment firm which supports Central Asian technological startups building disruptive and globally scalable products. The company is part of the broader MOST Ecosystem which has been existing for over 12 years and providing financial and non-financial support to technology startups, including those involved in providing digital financial services powered by fintech, in the entire Central Asian region. MOST Ecosystem also includes UMay Angels Club a private club of select angel investors, MOST Business Incubator incubation, acceleration and educational programs, MOST Hub developing working infrastructure for startup founders and tech entrepreneurs across Central Asia, and MOST Media media coverage for startup and venture developments in the region	growth	\$0.02-0.7M	E-commerce, Education, Finance, Financial Services, FinTech, Health Care, Information Technology, Mobile Apps, SaaS,-Software
MyVentures	2021	VC focused on the international scaling of businesses. Venture arm of Nurlan Smagulov's family office	venture	\$0.1-2M	Multisector
TUZ Ventures	2017	TUZ Ventures is an early-stage tech VC fund focused on Central Asia and Caucasus. TUZ is founded by Silicon Valley entrepreneurs with a track record of successfully penetrating untapped frontier markets deemed risky at some point, such as Indonesia and Nigeria. As a world-class and diverse team of seasoned VCs and local experts, TUZ works closely with founders to unleash their potential and leverage the massive tailwind to create truly global companies.	venture	NA	Technology
UMAY Angels	2019	Business Angels Club focused on early-stage investments and acceleration.	venture	0.02-0.6M	Multisector
White Hill Capital Ltd.	2021	White Hill Capital - is a management company that invests in fast-growing technology and IT companies at various stages and in various industries around the world. The company's team has over 20 years of investment experience in the local and global markets. They run Tumar Venture fund (\$20-50M)	venture	\$50-500K	Technology

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Family offices and business conglomerates

Name	Vintage	Class	Sector	Entries (2012-2022)	Exits (2012-2022)
Chagala Group Limited	2007	PE / Family Offices	Diversified business	1	0
ADD Capital		PE / Family Offices	real estate, services, manufacture and the oil and gas industry, logistics and agriculture	1	0
Aitas	1996	Corporate Investor / PE	Agro-industrial sector		0
Astana Group/ Nurlan Smagulov	1992	Corporate Investor / PE/VC	Real Estate, Car Manufacturing and Distribution, Venture Capital	3	0
BCC / Orient Invest Group / BRB Invest / Bakytbek Baiseitov	1998	Banking/Financial Groups	Diversified business	1	0
BI Group / Aydin Rakhimbayev	1995	Corporate Investors / Family Offices	Construction, Real Estate, Education	1	0
Centras Capital	2004	Banking/Financial Groups	Financial Sector	2	2
Eurasia RED / Mukashev Family	2007	PE / Family Offices	Real Estate, Metals	1	0
Fincraft Group / Kenes Rakishev	2001	PE / Family Offices	Metals, Finance	8	4
Freedom Holding Corp / Turlov Private Holding / Timur Turlov	1981	Corporate Investor / PE/VC	Fintech, Consumer Staples, Consumer Services, Technology	6	2
Kaspi Group	1991	Banking/Financial Groups	Fintech, Media, E-Commerce	5	0
KAZ Minerals	2007	Corporate Investor / PE	Metals	0	1
KAZ Minerals/ Finaccord Limited / Trianon limited / Oleg Novachuk / Vladimir Kim	2014	Corporate Investor / PE	Metals, Electricity	3	
KIPROS LLP	1994	Corporate Investor / PE	Diversified business	2	1
Kusto Group	1998	PE/Family Offices	Industry, Real Estate, Oil & Gas, Agriculture	5	1
Magnum	2007	Corporate Investor	Retail		1
Mercury Properties	2014	Corporate Investor / PE	Real estate	4	0
Orbis	2012	PE / Family Offices	Diversified business		0
Ordabasy Group / MAN Group	2010	PE / Family Offices	Diversified business	7	4
Prime Capital Holding	2016	PE / Family Offices	Diversified business		
RG Brands	1994	Corporate Investor	FMCG	0	2
Resources Capital Group	2012	Corporate Investor / PE/VC	Metals	11	3
SkyBridge	2008	PE/ InvestCo/ VC	Diversified business	0	1
Tengri Capital	2004	PE / Family Offices	Investment Banks, Brokers and Capital Markets		0
Verny Capital / Bulat and Alidar Utemuratov	2006	PE / Family Offices	Diversified business	1	2
Visor Kazakhstan / Aydan Karibzhanov	2004		Communications, Green Energy, Education, Oilfield Services	2	1
ALMEX	1996	Banking/Financial Groups	Finance	1	1
Eurasia Group	1994	Corporate Investor / PE	Diversified business	3	1
Vertex Holding LLP/ Ronson-2000 LLP/ Vladimir Jumanbayev	2004	PE / Family Offices	Metals		
JP Finance Group LLP / Casting LLP / Sarsenov Family	2002	Family Offices	Diversified business	2	0
Management Company Almary	2014	PE / Family Offices	Diversified business		
Financial holding "Respublika"	2007	PE / Family Offices	finance	3	1
FTIC Ontustik/ Seitzhanov Family		Family office	Construction, Industry, Real Estate, Education, Oil & Gas	2	0

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International funds without experience of investing in Kazakhstan but have a geographical mandate

Country/ Vintage	Name	Description	Strategy	Check	Sector
UK 1945	3i infra-structure plc	3i Group plc is a private equity firm specializing in mature companies, growth capital, middle markets, infrastructure, buyouts and management leveraged buyouts. The company also provides infrastructure finance and debt management.	Multistrategy	\$3-300M	Multi-sector
Germany 2007	Robert Bosch Venture Capital GmbH	Robert Bosch Venture Capital GmbH is the venture capital arm of Robert Bosch GMBH, specializing in private equity and fund investments. Within the framework of direct investments, the company invests in innovative start-ups, seed projects, early-stage, late-stage, expansion, and development stages. Under fund of funds, the company invests through venture capital funds and in independent thematic funds. The company seeks to invest in prototypes, proof of concept, go-to-market, internalization, and IPO profitability stage.	Venture/growth	\$0.57-5.6M	Technology
Hong Kong 1994	AIF Capital	AIF Capital Limited is a private equity firm specializing in providing growth capital to middle market companies for expansion and buyouts.	Growth/buyout	\$10-30M	Multi-sector
Denmark 1967	IFU	IFU is a venture capital and private equity firm specializing in equity, mezzanine, loan, debt and guarantee financing. It specializes in new company formation, joint ventures between Danish companies and local business partners, and acquisitions of existing companies.	equity, mezzanine, loans, debt and guarantees	\$0.08-17.5M	Multi-sector
Luxembourg 2012	MIR Capital S.C.A., SICAR	MIR Capital S.C.A., SICAR is a unit of Gazprombank (Open Joint Stock Company) and Intesa Sanpaolo S.p.A. specializing in buyout investments in small and medium-sized companies. The Fund is independent of the economic sector. The investment period is five years.	buyout	\$26-53M	Multi-sector
Singapore 2006	Capital Advisors Partners Asia Pte Ltd.	CapAsia is a Singapore-based investment management company, a subsidiary of The Rohatyn Group. The company specializes in investing in mid-market infrastructure projects focused on a wide range of sectors including renewable energy, power, water and waste management, transportation, telecommunications, healthcare and education in emerging markets in Southeast Asia.	growth, buyout	\$30-70M	Infrastructure
Singapore 2007	Ant Global Partners.	Ant Global Partners is a private equity and venture capital firm specializing in secondary investments. It operates as a subsidiary of Ant Capital Partners.	Venture/secondary	\$	Multi-sector
Singapore 1983	TVM Capital Healthcare	TVM Capital Healthcare is a specialized investment firm focused on healthcare expansion and growth capital, operating from offices in Dubai and Singapore. We make equity investments in technology-enabled and transformational healthcare companies with ambitious growth plans in our key target regions: the Middle East and North Africa (MENA) and Southeast Asia. We work with management teams in these regions to build industry leaders and 'national champions', and selectively support companies from other regions, including Europe and North America, that are undertaking major expansion projects in our target regions.	Venture/growth	NA	health-care
USA 1976	Kohlberg Kravis Roberts & Co. L.P.	KKR & Co. Inc. is a renowned global investment company specializing in private equity and real estate investments. Although KKR operates globally, its activities are concentrated in regions such as Asia, Europe and the Americas. In the US and Europe, KKR mainly targets large publicly traded companies for buyouts. Investments typically involve significant capital, and the company may acquire both majority and minority stakes, particularly in Asia.	Multistrategy	\$160M	Multi-sector

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Country/Vintage	Name	Description	Strategy	Check	Sector
USA 2015	B Capital Group Management, L.P.	Founded in 2015, B Capital Group is a venture capital and private equity firm based in Los Angeles, California. The company seeks to invest in companies operating in the enterprise technology, fintech, healthcare and opportunistic business sectors.	Venture/growth	\$10-50M	Multi-sector
USA 2005	Spark Capital Partners, LLC	Spark Capital Partners, LLC is a venture capital and private equity firm specializing in growth capital investments. The firm invests between \$0.5 million and \$30 million in companies with \$1 bn in revenue. It seeks a seat on the board of directors of its portfolio companies.	Venture/growth	\$0.5-30M	Multi-sector
USA 1998	Headline	Headline, formerly known as e.ventures Management, LLC, is a venture capital and private equity firm specializing in seed, startup, early, mid and late stage venture capital, emerging growth company investments and growth capital investments, with a focus on technology related sectors.	Venture/growth	\$0.05-10M	Technology
USA 1991	Intel Capital Corporation	Intel Capital is the investment arm of Intel Corporation. Intel Capital is the venture capital and private equity investment arm of Intel Corporation, specializing in investments in seed, startup, early venture, early stage, emerging, growth capital, mid-stage venture, late stage venture, middle market and mature companies. The focus is on both established and emerging technologies that help develop standardized solutions, drive the growth of the global Internet, foster new usage patterns, and develop computing and communications platforms.	Venture/growth	\$0.5-50M	Technology
USA 2013	Alumni Ventures, LLC	Alumni Ventures Group, LLC prefers to invest in energy, materials, industrial products, consumer goods, consumer staples, healthcare, financial products, information technology, communications services, utilities and real estate. The company does not solicit board seats or observer seats.	Venture/growth	\$0.01-3M	Multi-sector
USA 2010	AltalR Capital	AltalR Capital is a private equity and venture capital firm specializing in investments in early/seed stage startups, growth stage, series A, mid and late stage ventures, buyouts and pre-IPO offerings in the fintech sector.	Venture/growth	\$0.1-3M	Fintech
USA 1966	Warburg Pincus	Warburg Pincus LLC is a private equity and venture capital firm specializing in all phases of the company life cycle, from startups, early stage financing, investments in growing and emerging companies, to restructurings, recapitalizations, late stage buyouts of mature companies and management buyouts.	Multistrategy	\$20-1000M	Multi-sector
USA 1998	Lime Rock Partners	Lime Rock Partners, LLC is a venture capital and private equity firm specializing in middle-market companies. The firm prefers to invest in energy, exploration and production, energy services, oilfield services technology, oilfield services companies, oil and gas exploration and production, storage and transportation, alternative energy and related energy industries.	Multistrategy	\$5-150M	Multi-sector
USA 2018	AV Frontiers	AV Frontiers is an investment management company based in Bishkek, Kyrgyz Republic. AV Frontiers is owned by Frontiers, a Kyrgyz financial institution, and AV Ventures, a Washington, DC-based subsidiary of the ACDI/VOCA development organization. AV Frontiers is well positioned to fill the financing gap in Central Asia's dynamic SME market.in Central Asia's dynamic SME market, providing both favorable financing terms and technical assistance.	Venture/growth	\$100-500K	SME in Central Asia

**Information provided is not complete, data included on the basis of analysis of public sources (Forbes, other publications), S&P Capital IQ database, survey results*

Country/ Vintage	Name	Description	Strategy	Check	Sector
USA 2014	Rocketship.vc, LLC	Rocketship.vc, LLC is a venture capital firm specializing in investments in early-stage, seed, Series A, Series B and startups. The firm is sector-independent and business model-independent and invests in B2B and B2C deals with a focus on technology, FinTech, deep tech, consumer, healthcare, and data science. The company makes investments globally.	venture	\$3-7M	Technology
USA 2015	Soma Capital Management, LLC	Soma Capital Management, LLC is a venture capital firm specializing in seed investments. The firm also invests in "unicorns." The company prefers to invest in software. Soma Capital Management, LLC was founded in 2015 and is based in Miami Beach, Florida.	venture	\$0.1- 10M	Software
USA 2005	I2BF Global Ven- tures Ltd.	I2BF Global Ventures Ltd. is a venture capital firm specializing in investments in seed/startups, growth capital, early, mid-venture, and late venture stages. For its venture capital investments, it prefers to invest in technology-oriented clean-technology companies, the nanotechnology sector with a focus on the resource sector, water, agriculture, space, industrial processes and technologies, water use and purification technologies, solar energy, wind energy, energy storage technologies, energy efficiency, and automotive, digital, power storage, oil and gas, telecommunications, biotechnology, life sciences, aerospace, electronics, environmental technology, renewable energy, and clean energy.	venture	\$5- 10M	Multisec- tor
USA 2015	TenOneTen Ven- tures	TenOneTen Ventures is a venture capital firm specializing in seed/startup investments and growth capital. The company is sector independent. The company seeks to invest in the healthcare, logistics, real estate and technology sectors with a focus on data and software.	venture	\$0.5- 4M	Multisec- tor
USA 2012	Promus Venture Management, LLC	Promus Venture Management, LLC specializes in seed, startup and Series A private equity investments. The company makes venture capital investments in early-stage venture-backed companies. The company invests in application software, deep technology, systems software, home entertainment software, and technology hardware and equipment.	venture	\$0.5- 1M	Multisec- tor
Turkey 2013	Idacapital	We are an impact-oriented investment management company focused on impact through technology, innovation and growth investments in Turkey and beyond. idacapital Innovation Fund is Turkey's first fund investing in technology-based business verticals in areas such as healthcare, financial inclusion, education, clean technology, and agri-tech in Turkey and beyond.	Growth	\$0.2 - 2M	Multisec- tor
France 2004	Tikehau Capital	Tikehau Capital is a private equity and venture capital firm specializing in a full range of financial products including senior secured loans, equity, senior debt, unitranche, mezzanine and preferred stock.	Venture/ mezza- nine	\$0,5- 82M	Multisec- tor

Based on interviews with international funds, information on the private equity market in Kazakhstan is limited. Funds primarily interact with QIC, Astana Tech Hub, IFCA, and MOST. Barriers to entry include the early stage of ecosystem development, a complex regulatory and tax system, subsidies for the agribusiness sector, as well as gaps in personnel quality and funding availability for later stages. At the same time, most of the survey participants recognized the favorable impact brought by the implementation of MFCA, which has the potential to streamline the procedures for luring foreign investors.

Based on the interview results, fund representatives consider Kazakhstan a compelling investment market, particularly when compared to other Central Asian nations. The country's potential for growth due to the nascent development of many market segments, coupled with its large youthful demographic and significant Internet and mobile device penetration, were cited as influencing the market's allure.

AIFC

The Astana International Financial Centre (AIFC) a jurisdiction with a distinctive legal framework, was established in 2018. Situated in the capital of Kazakhstan, the AIFC is actively solidifying its status as a global financial hub for investment, innovation, and economic advancement.

During its existence, the AIFC has developed the necessary infrastructure, creating a high-calibre and dynamic ecosystem that is attractive to a diverse array of businesses, ranging from financial and IT companies to consulting firms.

Currently, over 2,200 companies from 78 countries are registered in the AIFC.

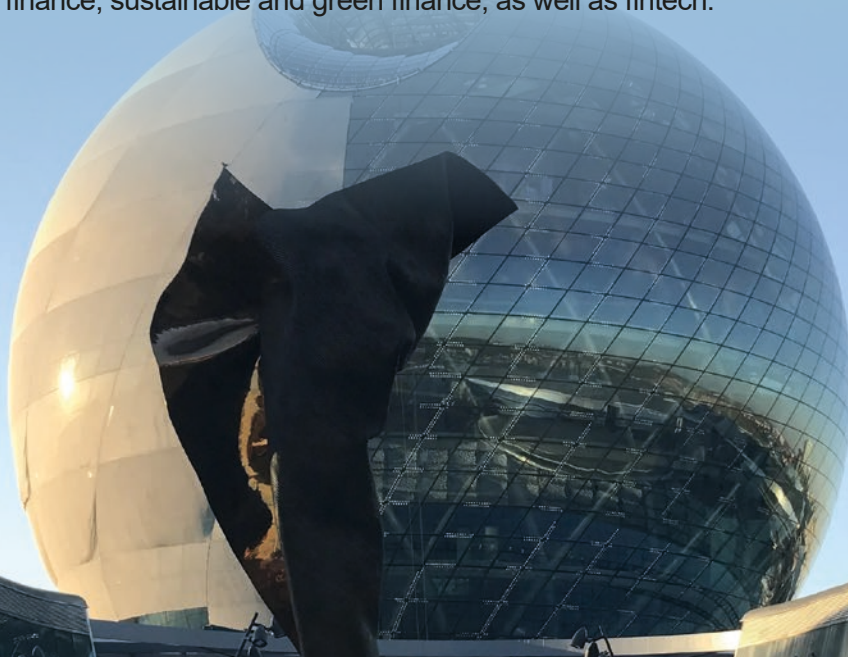
Primarily due to the establishment of the AIFC, Astana has significantly climbed 28 positions in the Global Financial Centers Index over the last five years. It now holds the 60th position, surpassing all major cities on the Eurasian continent in this ranking.

The AIFC regime has earned recognition for its compliance with OECD tax transparency standards (OECD BEPS) and the recommendations of the Financial Action Task Force (FATF).

The creation of the AIFC has significantly influenced the expansion of the private equity sector. The distinctive legislation, which is both familiar and attractive for foreign investors, along with organizational and legal frameworks that amplify flexibility in risk management throughout transactions, and the ability to customize contracts to suit the particular demands of private equity dealings, collectively positions the AIFC as an attractive choice for building effective financial structures. Noteworthy is the capacity to secure assets through the judicial system, providing an additional layer of confidence for investors and enhancing Kazakhstan's reputation as a reliable investment hub.

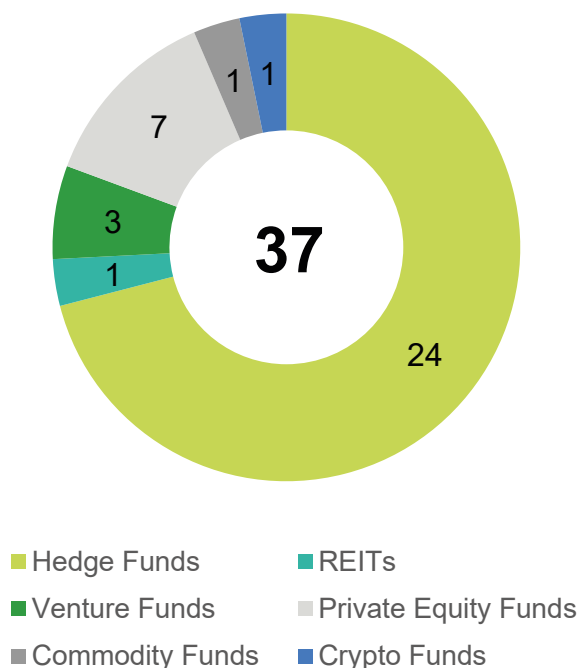
AIFC participants enjoy an extensive array of opportunities and advantages, such as:

- Legal system based on the English common law.
- Financial regulation standards rooted in common law principles and aligned with the practices of the world's foremost financial centres.
- Independent financial regulator, ensuring licensing and supervision in accordance with global norms.
- Adaptable corporate regulations.
- Diverse organizational and legal structures, accommodating the unique needs of companies and facilitating optimal structuring.
- An independent judicial system and dispute resolution mechanisms, including the AIFC International Court and the International Arbitration Center.
- A distinctive tax and currency regime.
- A unique regulatory framework specifically crafted to foster the growth of alternative and innovative finance, including Islamic finance, sustainable and green finance, as well as fintech.



AIFC

AIFC Investment Funds by strategies:



Source: AIFC

Regarding the asset management market in AIFC

AIFC provides a comprehensive platform for asset and wealth management, in line with the requirements of international and local asset management companies.

As of today, the total Assets Under Management (AUM) of the Asset Management Companies (AMCs) in AIFC, including the assets of investment funds, amount to \$1,066 million.

Currently, there are 30 registered asset management companies in AIFC with a license to manage collective investment schemes, and 4 companies exclusively licensed for discretionary investment management. The number of investment funds in AIFC is 37, comprising 33 funds structured as Investment Companies and 4 funds structured as Limited Partnerships. The assets managed by these investment funds amount to over \$400 million.

Additionally, AIFC has registered 77 structures managing their own assets without a license to manage collective investment schemes and 297 holding companies.

For more in-depth insights into conducting business within the Astana International Financial Centre, we encourage you to reach out using the provided contact information:

Website: www.aifc.kz

Email: bcs@aifc.kz

Tel.: +7 7172 959 000

LinkedIn: [aifc-business](https://www.linkedin.com/company/aifc-business)

<https://www.linkedin.com/company/aifc-business>

Guidelines on establishing Regulated Companies, including Fund Managers:

<https://afsa.aifc.kz/en/guides>



Analysis of the ratio of direct investments to alternative investment instruments



Turkey

85.3M

Population

\$905.8B

Nominal GDP

5.3%

Real GDP growth

70+

PE market players

Turkey is in the midst of an active growth and emerging private equity market. Over the past decade, the market has moved beyond traditional sectors such as energy and finance to technology, healthcare, consumer goods and innovative start-ups.

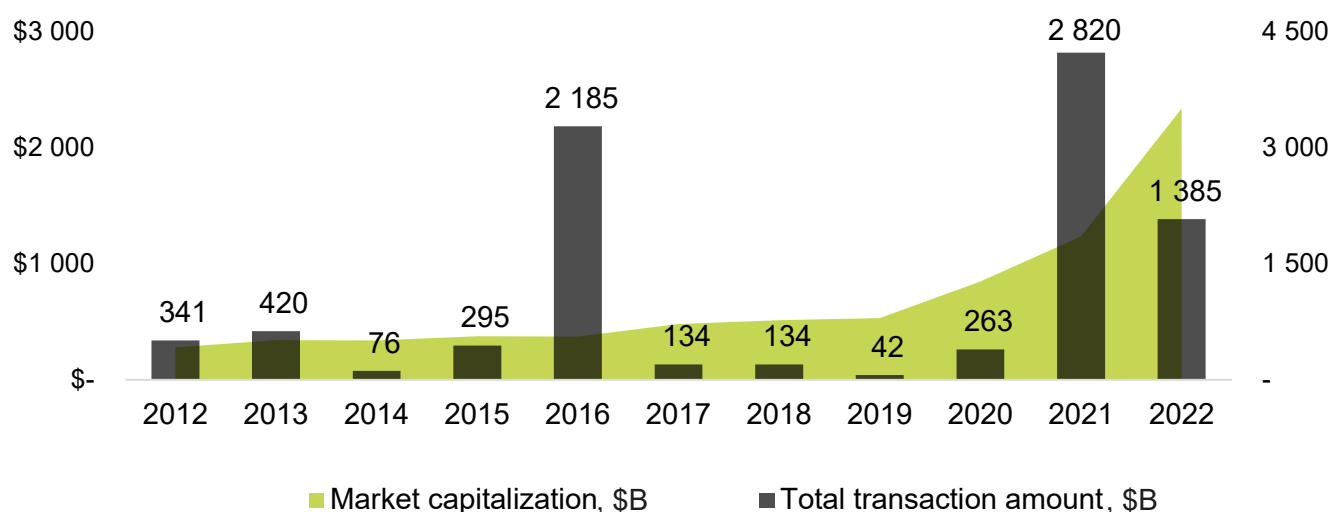
Major issues

- Economic and political instability in Turkey, combined with currency fluctuations, creates an environment of uncertainty. Such instability affects the performance and profitability of PE investments and affects investor confidence.
- Exposure to geopolitical tensions and regional instability negatively affects investor confidence and increases market uncertainty
- The lack of proper legislation for private investors is also a potential risk factor for international investors.
- Significant growth and development of the private equity market in Turkey commenced in the early 2000s. Within this period, Turkey experienced beneficial economic and structural changes that facilitated the growth of the private equity sector.

Market prospects

- Strategic location and market access: Turkey's prime location between Europe and Asia provides an entry point to emerging markets, generating growth prospects for private equity-seeking businesses.
- Economic overhaul and technological advancement: Revamped regulations, improved frameworks, and an ever-evolving technological ecosystem are paving the way for growth opportunities in the technology, healthcare, and manufacturing sectors.
- Diversification and enterprise: Turkey's diverse economy and emerging entrepreneurial ecosystem offer growth opportunities for private equity firms seeking investments in sectors such as e-commerce, agriculture, and renewable energy.

Dynamics of the volume of direct investments to private investments (PE)



Source: S&P Capital IQ Pro

- Regarding startups, Turkey's active development as a country presents significant potential for growth locally and internationally.

Turkven, Actera Group, Taxim Capital, Esas Holding, and Pera Capital Partners represent significant players in Turkey's thriving private equity market. They actively support local businesses to stimulate growth in various sectors of the economy. Each company specialises in unique investment areas, contributing towards Turkey's economic development and presenting an array of private equity investment prospects. For instance, Turkven actively supports local enterprises, whereas Actera Group focuses on buying out large ones.

Venture capital fund activity is increasing in Turkey due to the thriving startup ecosystem, with investment companies operating as private equity or venture capital funds set up under the guidance of the country's major holding companies, particularly following the implementation of legislation on venture capital investment funds. There are also tax advantages for private equity players in the country, as funds are exempt from income tax.

Venture capitalists and angel investors were the primary players among all financial investors in 2022, featuring in 91% of all financial institution deals.

Private equity transactions were relatively low in 2022, declining by 51% from the preceding year, according to S&P Capital IQ Pro.

Given the residual impact of the COVID-19 pandemic, the conflict between Russia and Ukraine, escalating global inflation, the upcoming presidential elections, and the Turkish lira's devaluation, private investor activity in the nation is indicative of the existing climate, and investors are cautiously observing the situation before committing to significant ventures in Turkey.





Singapore

6M

Population

\$466.8B

Nominal GDP

3.63%

Real GDP growth

452

PE market players

Singapore is a key hub for fund managers and investment organisations and maintains its role as the starting point for regional private equity activity in Southeast Asia.

Major issues

- The market size of Singapore can create challenges in sourcing a variety of investment opportunities.
- The limited number of large deals may result in limited opportunities for PE investments.
- Singapore's investment attractiveness may lead to increased competition for suitable investment options. In a competitive environment, it may be difficult for private equity firms to find attractively priced deals.

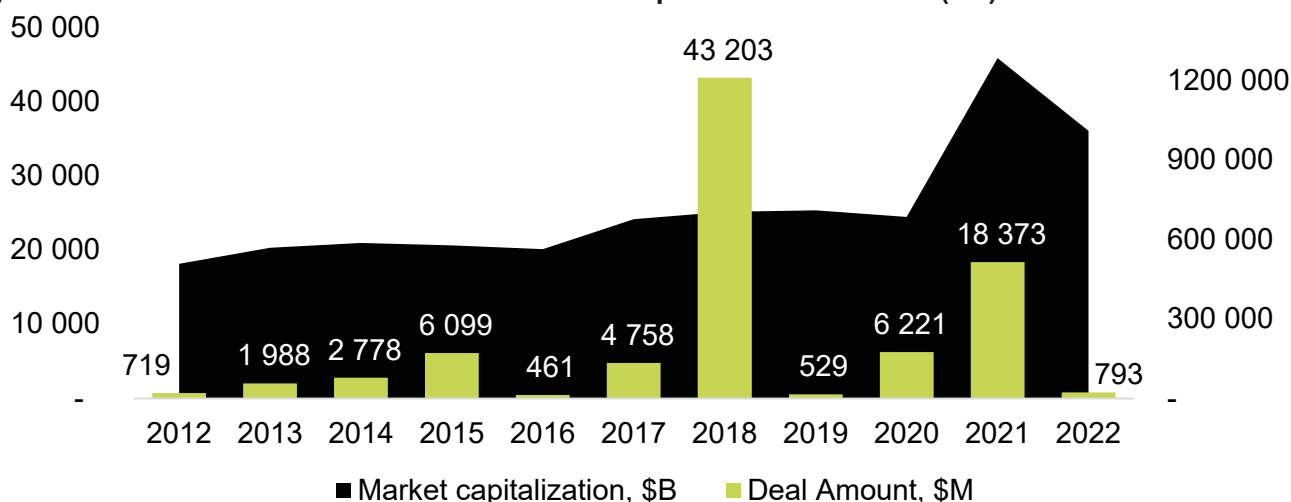
Market prospects

- Technology and Innovation Centre: Singapore serves as the foremost technology and innovation centre in Southeast Asia. The government's backing of R&D and technological advancements creates ample opportunities for PE investments in sectors including fintech, biotechnology, and manufacturing, showcasing significant growth potential.
- Singapore's position enables access to Southeast Asian markets. Singapore is a prime location for PE investments targeting the Southeast Asian market due to its role as a gateway to the ASEAN region and access to a vast and rapidly expanding consumer base.
- Infrastructure development and urbanisation provide further openings for private investment, with ongoing projects encompassing transport, urban development, and the implementation of smart city initiatives.

Singapore is a hub for global investors looking for opportunities in the Asia-Pacific region, an important destination for achieving portfolio diversification.

The absence of capital gains and dividend taxes in Singapore makes it an exceptionally tax-efficient location for investors. The Monetary Authority of Singapore plays a pivotal role in upholding a strong and transparent financial market, instilling assurance among private investors through regulatory oversight.

Dynamics of the volume of direct investments to private investments (PE)



Source: S&P Capital IQ Pro

Transaction activity in Southeast Asia considerably declined in 2022, with deal values falling by 52% YoY and the number of deals declining by 15%. Nevertheless, Singapore retained its position as one of the leading investment centres, representing a substantial portion of the deal value and number of deals in the region.

Singapore's private equity market expanded significantly in the early 2010s, drawing global investors and becoming the hub of Southeast Asia. The government's efforts to promote investment in innovation and growth were instrumental in this growth.

From 2016 to 2019, Singaporean firms and funds broadened their horizons into diversified sectors and piqued the interest of foreign investors. In addition, changes in the legislative framework, such as the Variable Capital Company (VC) system, have streamlined the management of PI funds.

The COVID-19 pandemic had a decelerating impact on trade proceedings in 2020. However, the recent government infusion has revitalised the PE sector in 2021, characterised by amplified investments in technology and healthcare.





United Kingdom

67.5M

Population

\$3,070B

Nominal GDP

4.10%

Real GDP growth

1,950

PE market players

The UK is Europe's second-largest private equity market in relation to GDP and is one of the most sought-after destinations for international private equity investment flows.

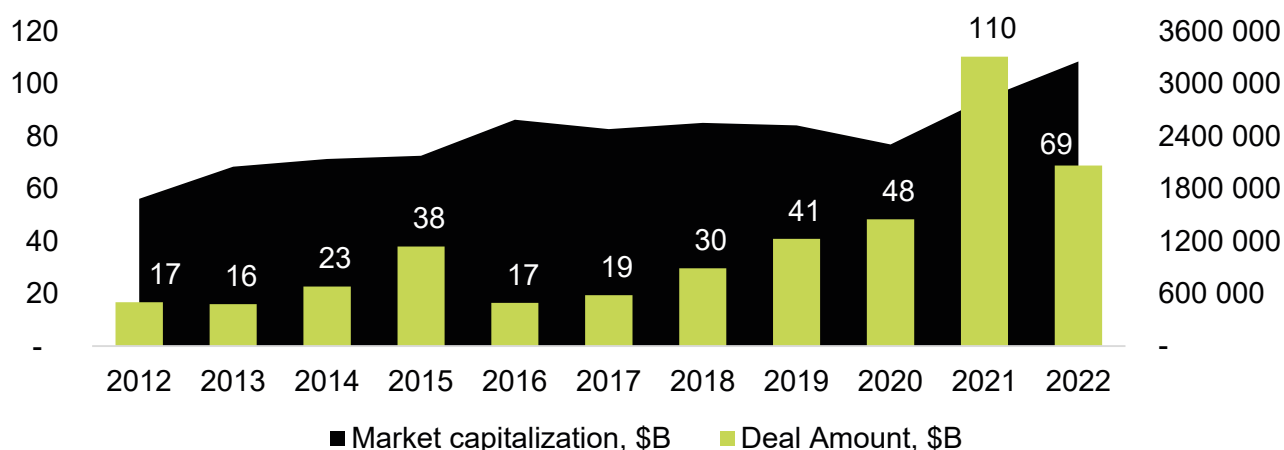
Major issues

- Tightening regulatory requirements and a surge in investor demand for more detailed fund data.
- The evolving regulatory landscape and potential legislative changes may present obstacles to such firms.
- Alterations to tax legislation, compliance requirements, and other regulatory considerations can have an impact on deal structuring and investment opportunities.

Market prospects

- **Technology and Innovation:** The UK's strong technology ecosystem and innovation centres provide significant growth potential for PIs.
- **Green Investment:** Sustainable development and green initiatives offer opportunities for investing directly in clean energy, environmental technologies and sustainable industries, in line with global ESG trends.
- **Healthcare and Life Sciences:** Pharmaceuticals, biotechnology, and medical technology are sectors with significant growth potential for investment due to continuous innovation and an ageing population.
- **Investor protection:** The UK boasts robust investor protection, property rights, and contract enforcement procedures. It ranks second globally in safeguarding intellectual property.
- The country offers favourable treatment of international investment and is Europe's top choice for FDI, affording broad access to capital and imposing minimal restrictions on foreign investment.
- Moreover, London has deep capital reserves, leading private equity and venture capital investment across Europe. Notably, the UK has given rise to more "unicorns" than any other European nation.

Dynamics of the volume of direct investments to private investments (PE)



Source: S&P Capital IQ Pro

- Abundant choice of intermediaries: the UK provides cutting-edge professional services, a plethora of foreign banks among all financial centres, and the London Stock Exchange.
- Robust financial ecosystem: The UK provides a well-established financial ecosystem with access to capital markets, a resilient banking system, and a positive legal framework, culminating in a propitious environment for PIs.

In recent years within the UK, selling portfolio companies to continuation funds has emerged as the favoured method of returning investments to stakeholders. This is due to the IPO market being stagnant and the costs of financing deals rising, making traditional exit routes cumbersome.

During the early 2010s, the UK PE market aimed to recuperate from the 2008 financial crisis, with emphasis on transparency, corporate governance, and compliance. This was advised by regulations such as the Alternative Investment Fund Managers Directive (AIFMD).

In the latter half of the 2010s, although Brexit-created doubts persisted, PE investment activity persevered, with capital injection into diverse sectors like fintech and renewable energy.

Regulatory changes and increased scrutiny of practices such as “carried interest” and commissions have persisted.

In 2020 to 2022, the pandemic significantly impacted the global economy and private equity markets, leading to a decline in deal activity at the beginning of the year. The government implemented support measures, including the Coronavirus Business Interruption Loan Scheme (CBILS), to assist businesses.

The direct to alternative investment ratio has shown a positive trend in the country from 2012 to 2022, with a 2X increase due to stronger growth in private equity deals.





United Arab Emirates

9.4M

Population

\$507.1B

Nominal GDP

7.85%

Real GDP growth

350

PE market players

The United Arab Emirates is the economic centre of the MENA region, attracting the largest share of foreign investment in the region.

Major issues

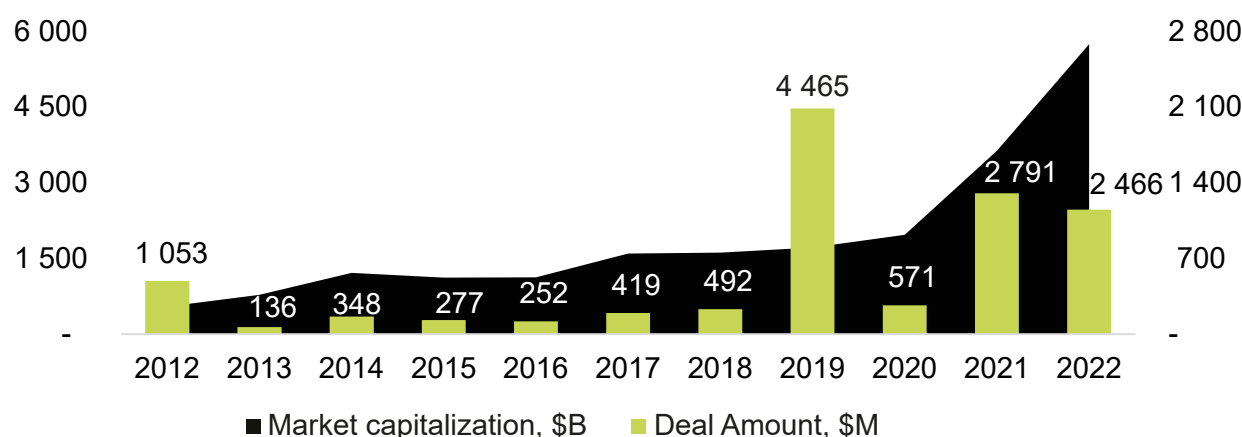
- The region has not yet created the complex leveraged debt structures used in other jurisdictions.
- Current legal limitations on foreign ownership, as well as local Shariah law restrictions, considerably restrict the variety of financial instruments available for foreign investors.
- The UAE's private equity market saw substantial expansion and development in the early 2000s and has since continued to gain momentum.

Market prospects

- **Diversification and Innovation:** The UAE's focus on economic diversification and innovation presents growth prospects for private equity enterprises in upcoming industries including technology, healthcare, and entertainment.
- **Strategic location and infrastructure projects:** The UAE's favourable position on the map and substantial infrastructure development initiatives afford opportunities for private equity expansion in diverse sectors such as property, transport, and tourism.
- **Renewable Energy and Sustainable Development:** Investing in renewable energy and sustainable development initiatives offers growth potential due to the UAE's focus on environmentally friendly energy projects.
- The UAE offers support policies for businesses, tax incentives, and a favourable regulatory framework encouraging investment, making it an attractive PE investment destination.

Mubadala Investment Company, Amanat Holdings, NBK Capital Partners, Syndicate Investment Group and Gulf Capital are key players in private equity in the United Arab Emirates. Mubadala, as a sovereign wealth fund,

Dynamics of the volume of direct investments to private investments (PE), \$B



Source: S&P Capital IQ Pro

carries out a significant role in global investments across different sectors; including technology, healthcare, and infrastructure. Meanwhile, NBK operates as an investment company, focused on the MENA region.

In recent years, there has been a shift in the UAE towards customer-focused industries like healthcare, fintech, education, retail, food and beverage, and tourism. The technology, media, and telecoms sector also remains one of the quickest expanding sectors.

The establishment of indigenous securities exchanges, such as the Abu Dhabi Securities Exchange and the Dubai Financial Market, has contributed to the increase in the number of domestic IPOs. If this trend persists, private investors may perceive local IPOs as a superior exit plan for several investments.

Deal activity in the UAE remained robust in 2022 despite global uncertainties, driven by elevated oil prices and legislative reforms, such as the relaxation of restrictions on foreign ownership.

The UAE private equity market in 2022 can be logically divided into two parts. The first half of the year witnessed deal activity that mostly preserved the momentum of 2021. However, during the latter half of the year, the UAE experienced the repercussions of escalating inflation. This escalation had significant implications on raw material expenditures and wages, alongside the surge of interest rates in the US, which consequently affected the portfolio companies' profitability.

Moreover, the fragmentation of funding markets emerged as one of the most crucial factors contributing to the limitations faced by the traditional PE funding sources throughout 2022.





United States of America

333.8M

Population

\$25.7T

Nominal GDP

1.94%

Real GDP growth

13,600

PE market players

The United States of America leads the worldwide private equity market, as the private equity market in the US started before other regions.

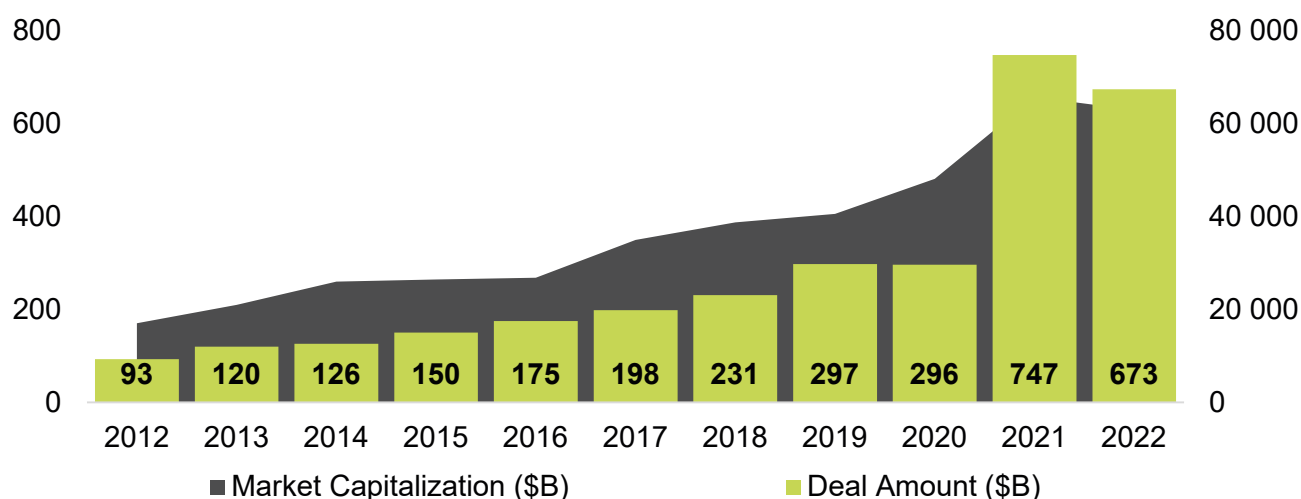
Major issues

- Regulation and Compliance: Private equity firms in the UK may face significant increases in operating costs and burdens due to the strict regulatory framework.
- Fierce Competition and High Valuations: The high competition in the UK PE market can result in intense competition for deals, leading to higher valuations, and making it harder to find attractive investment opportunities.
- High leverage in leveraged buyouts can present risks, particularly during economic downturns.
- Excessive dependence on debt financing can render companies more susceptible to market vicissitudes and economic fluctuations.

Market prospects

- Technology and Startups: The US remains a global technology centre, offering growth potential for PE investment in technology industries and promising start-ups seeking funding for innovation and expansion.
- Infrastructure development: Ongoing infrastructure projects and investments in areas such as transportation, energy and urban development provide growth opportunities for PE investment.
- Investing in the consumer sector, especially in e-commerce and digital platforms, presents growth potential due to evolving consumer trends and online trading platforms.
- The US offers a scalable market with diverse investment opportunities across various sectors, making it extremely appealing to private investors due to the depth and breadth it provides.
- Additionally, the US offers an entrepreneurial ecosystem. The UK presents a conducive environment

Dynamics of the volume of direct investments to private investments (PE)



Source: S&P Capital IQ Pro

for entrepreneurship, with a start-up culture that fosters innovation, offering numerous investment prospects for PI firms.

- As a global economic leader and financial centre, the UK's status allures private investments seeking stability, diverse industries, and a dominant presence in global markets.

The United States of America holds a leading position in the global private equity market due to the inception of its PE market before other regions.

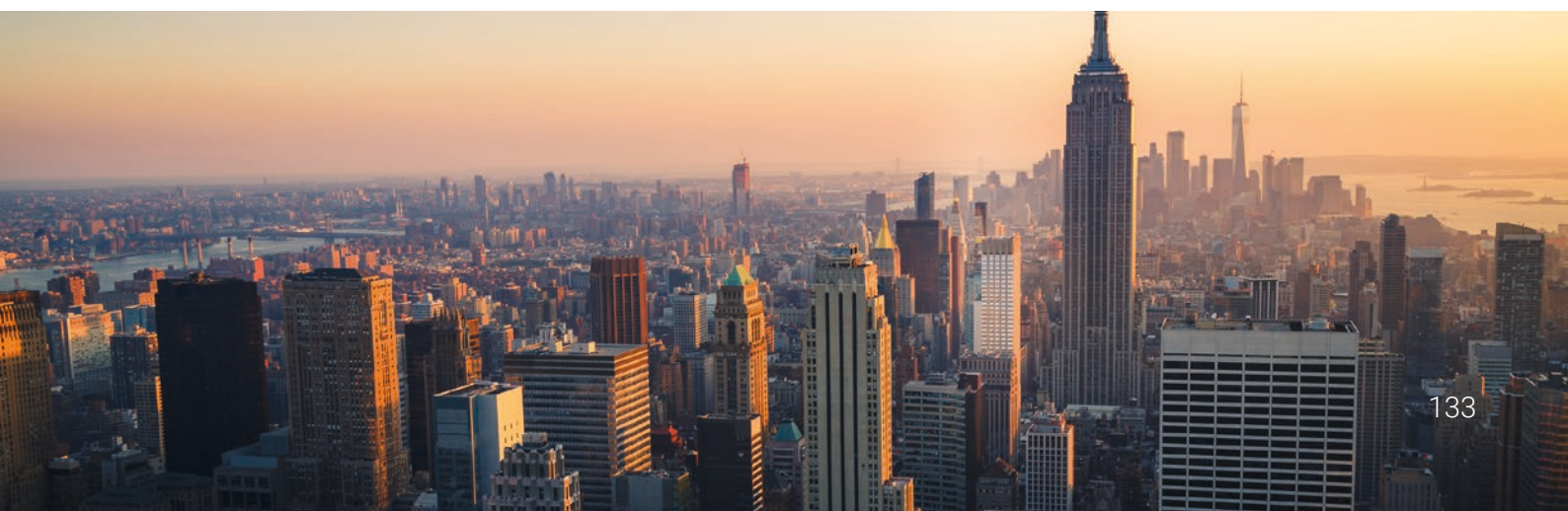
In recent decades, the US PE market has gained momentum with an increasing number of companies entering into high-value deals, resulting in a surge in overall deal volume. Additionally, sectors like technology and healthcare have witnessed substantial growth in the PE market in recent times.

The US PE market has been regulated since the late 1970s when the SEC established rules and restrictions for private equity firms. This resulted in some firms closing down, while others were able to adjust to the new conditions.

From 2012 to 2022, the volume of private equity (PE) deals in the US will grow steadily, increasing by 624% in 2021. This impressive growth was due to favourable financing conditions, advances in science and technology, and significant incentive programmes aimed at strengthening the private equity market infrastructure.

Although there was a decline in PE volumes in 2022 compared to the previous year, 2022 figures still exceeded pre-pandemic levels. Take Private deals were also popular in 2022.

Although the volume of PE deals in 2022 is significantly lower than in 2021, the number of deals is the highest (3,388 deals).





Malaysia

33.9M

Population

\$407B

Nominal GDP

8.72%

Real GDP growth

130

PE market players

Malaysia is a strategically important private equity market in Southeast Asia, characterized by a range of diverse economies, policies that are attractive to investors, and well-established infrastructure.

Major issues

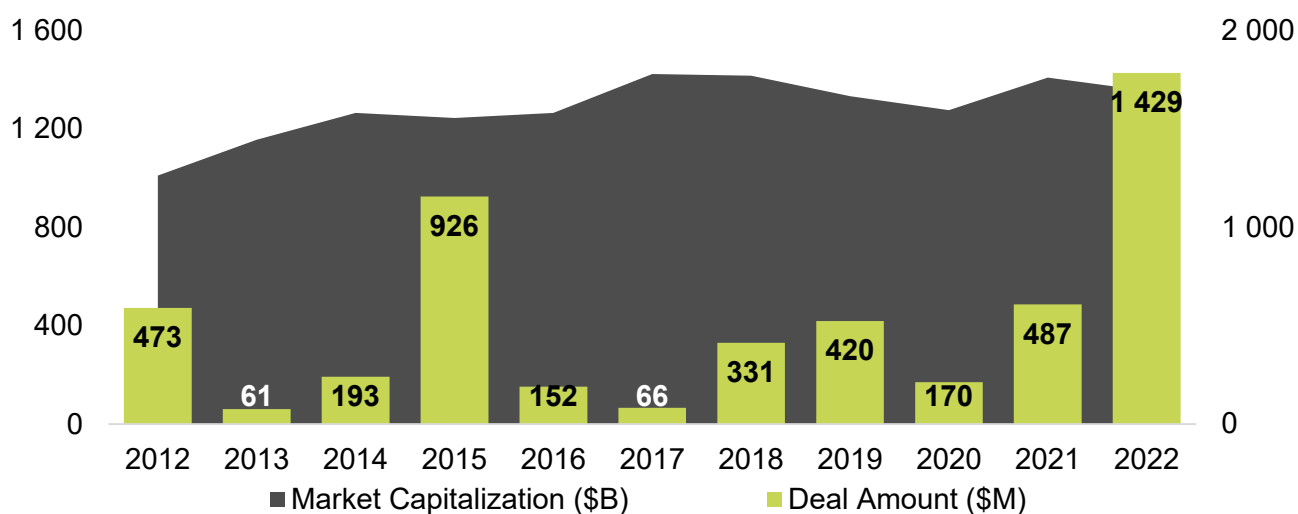
- The scarcity of exit routes for private equity poses a challenge. The options for successful exit are restricted to an initial public offering (IPO) or trade sale.
- Malaysia's private equity market is relatively small in comparison to more developed countries. The lack of concentration and size of the market hampers the availability of varied investment opportunities, thus impacting portfolio diversification adversely.
- The private equity market in Malaysia experienced strong growth during the first half of the 2000s. This was due to the liberalisation of the country's financial sector, allowing for greater involvement of international investors.

Market prospects

- Access to Southeast Asian markets: Malaysia's strategic position within the region offers access to a substantial and expanding consumer base, presenting growth prospects across a range of sectors.
- Economic growth and stability: Malaysia's stable economic status and potential for growth position it as an alluring destination for private equity investors who seek stable and emerging markets.
- Sustainable and Renewable Energy: A focus on sustainable development and environmentally-friendly initiatives creates promising opportunities for PE investments in clean energy and environmental technology projects.
- Malaysia invests heavily in cutting-edge technology and innovation, specifically in fields like information technology, biotechnology and high-tech manufacturing, thereby presenting opportunities for foreign investors specialising in technology.

Well-known firms such as Khazanah, Crewstone International, Navis Capital Partners, Creador and Xeraya Capital play a significant role in the Malaysian private equity market. Khazanah, being the country's sovereign wealth fund, holds a decisive sway by investing in diverse sectors and contributing to the

Dynamics of the volume of direct investments to private investments (PE)



Source: S&P Capital IQ Pro

country’s economic progress. Crewstone International, specialising in venture capital and private equity, actively supports Malaysia’s rapidly growing startup ecosystem, promoting innovation and entrepreneurial pursuits. Navis Capital Partners, with a proven history of successful buyouts, is driving market expansion, particularly in mid-market investments.

Private equity investment in Malaysia displayed considerable fluctuations during the reviewed period, specifically in 2015 and 2022.

The surges can be attributed to the implementation of diverse infrastructure projects such as railway network, ports, airports and industrial zones. The growth of foreign PE investments in Malaysia can mainly be attributed to the stable economy and the conducive business environment offered in the region. In 2022, PE investments hit a new peak of \$1,429 million owing to three significant transactions made during the year. Significantly, consumer goods, industrials, and healthcare were the primary sectors that drew investor attention.





Kazakhstan

20M Population	\$225.4B Nominal GDP	3.30% Real GDP growth	100+ PE market players
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In recent years, Kazakhstan has established a highly active market for PE investments and has positioned itself as a central hub within the region of Central Asia.

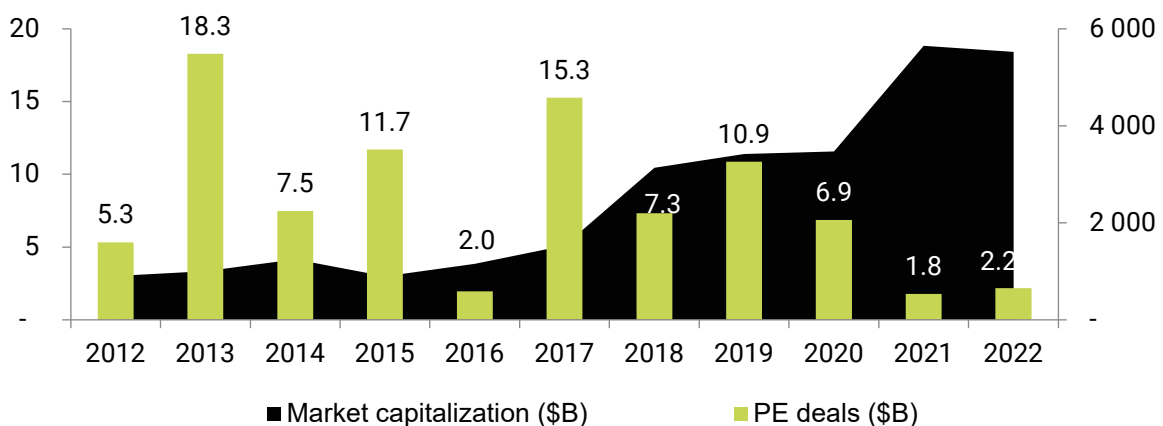
The comparison of direct and private investments highlights the stark differences between developed and developing countries. During the period of 2012-2022, against the backdrop of the rapid growth of the stock market in Kazakhstan, the proportion of private investments more than halved.

A similar scenario arises in up-and-coming markets such as Turkey, UAE, and Malaysia, with allowances for singular, significant transactions. A case in point is the financial downturn in Kazakhstan during the 2020 pandemic, which was rectified by the finalization of a \$1bn agreement between Kaspi and Baring Vostok.

Conversely, instances in the US and the UK demonstrate a robust expansion in private equity investment within a developed stock market. In Singapore, although 2022 saw a steep decline, private capital showed a notable increase during the analysed period.

Notwithstanding, it is worth mentioning that the opacity of developed country markets could affect the accuracy of disclosed private equity transactions.

Dynamics of the volume of direct investments to private investments (PE)



*data may not reflect actual transaction volumes due to low market transparency

Source: S&P Capital IQ Pro

Analysis of the PEF's investment efficiency based on open-source data and the results of a survey of respondents

According to the survey, respondent funds target a dollar IRR level of around 25%.

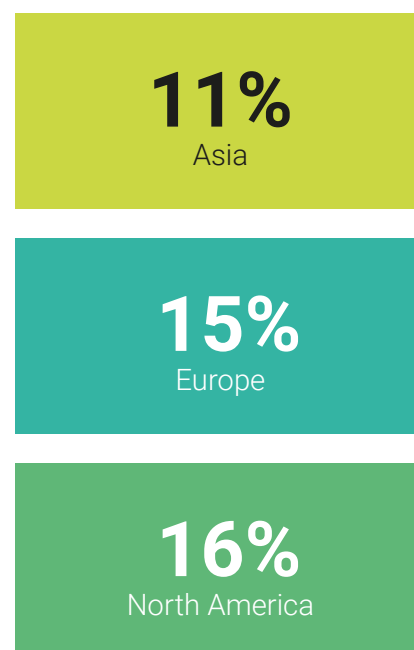
In general, the number of asset entries during the period under review was higher than the number of exits, probably due to the negative impact of exchange rate fluctuations during 2012-2022, as well as other macro factors affecting economic activity in the country (devaluation in 2015, followed by the pandemic in 2019-2020 and military conflict in Ukraine in 2022).

Due to the closed nature of the private equity market, it is not possible to analyse the IRRs for individual investments in detail and provide a picture of the market as a whole, as even within the survey most respondents agreed to provide data without disclosing the amounts of individual portfolio transactions.

The information on deals available in the analytical systems reflects a range of IRRs from -20% to 11%, with some respondents indicating a target IRR in dollars in the range of 15%-25%, while at the same time, according to publicly available information and statements from some family offices, the IRR of groups in some periods reached figures in excess of 50%.

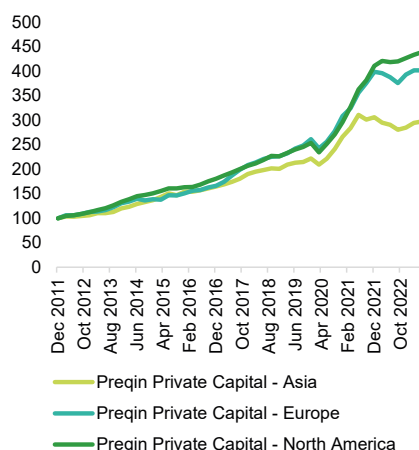
It can therefore be concluded that performance varies widely between funds and over time.

IRR of PEFs in \$ by regions 2012-2022



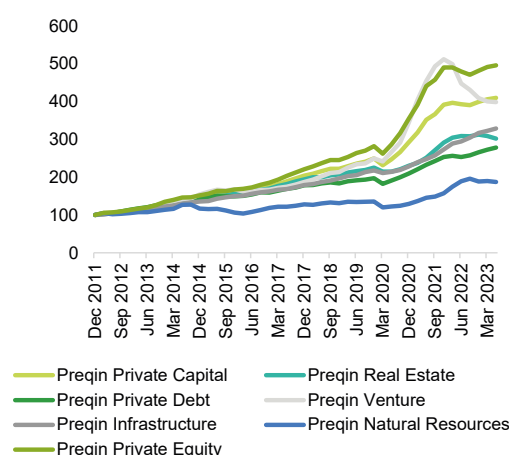
Source: Preqin indices

Aggregate returns of active funds by region, indices*



Source: Preqin indices

Aggregate returns of active funds by sector, indices



Source: Preqin indices

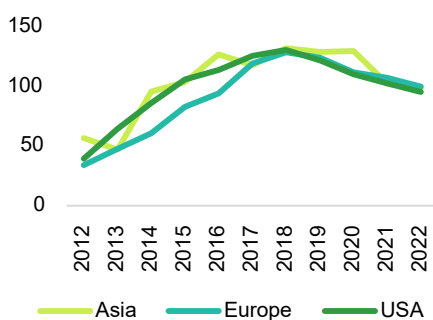
* Description of indices can be found in the "Glossary" section

Analysis of the PEF's investment efficiency based on open-source data and the results of a survey of respondents

Distribution of funds to investors (DPI) and residual value of funds (RVPI) indicators for Kazakhstan funds are unavailable due to limited data in analytical systems and lack of detailed information about funds. Market participants did not disclose these indicators during the survey. When analyzing fund performance data in the US, Europe, and Asia regions, using the S&P Capital IQ/Preqin data for funds with a vintage year since 2012, we note that median RVPIs across all regions peaked in the sixth year from fund launch during the period under review. At the same time, it is logical that the funds established in 2012 show the highest DPI indicators. This can be attributed to their longer operational term within the sample and their more mature stage in the investment process.

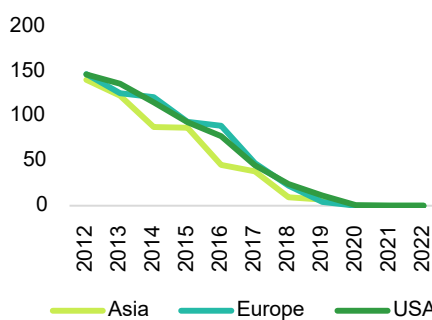
On average, fund distributions to investors in Europe and Asia begin in the third year following fund inception, as indicated by the median DPI. Meanwhile, in the US, funds typically begin distributions by the second year after inception.

RVPI by region by vintage year



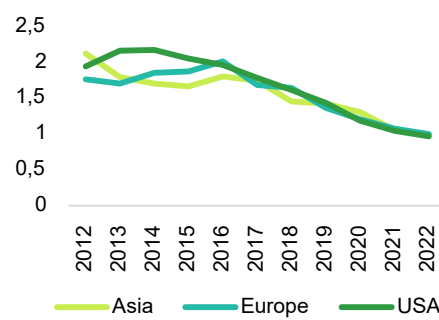
Source: Preqin

DPI by region by vintage year



Source: Preqin

Net Multiple by region by vintage year



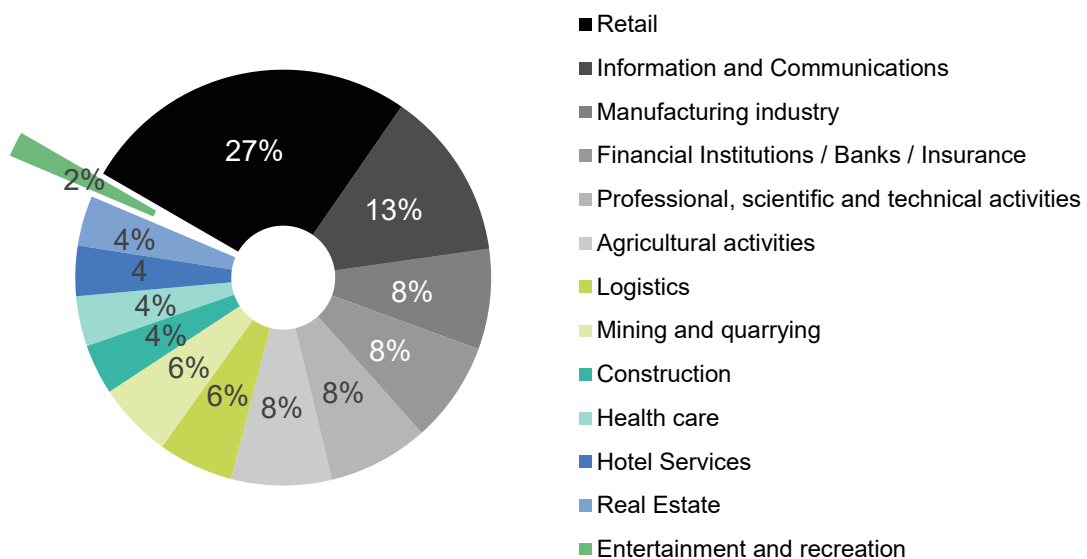
Source: Preqin

Analysis of the attitude of the Kazakhstani business community to PE investments

The survey was conducted among the top managers of companies operating in the territory of the Republic of Kazakhstan.

Representatives of both small and medium-sized (79%) and large (21%) companies took part in the survey of the Kazakh business community. The types of activity of the enterprises included in the number of respondents are widely diversified.

Industry diversification of survey respondents



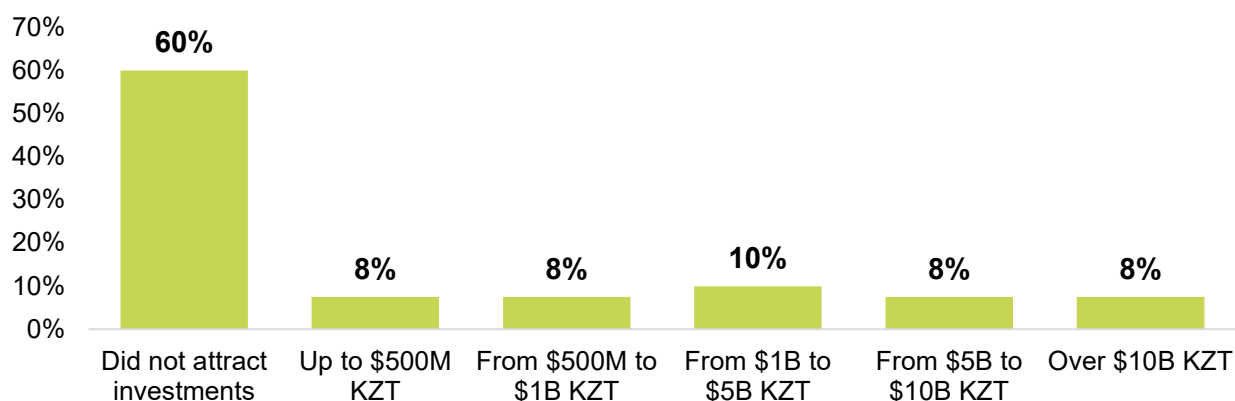
Source: Baker Tilly calculation

Awareness of private equity activities and instruments in the business community

The survey showed that the vast majority (82.5%) of Kazakhstani respondents in business community are aware of the possibility of attracting PE investments, while 75% of respondents know about the activities of private equity funds. Awareness of the method of attracting capital, in this case, only indicates that the management of Kazakhstani companies is aware of the real possibility of using this instrument of financing activities: only 40% have ever used private equity instruments.

Analysis of investment attraction volumes

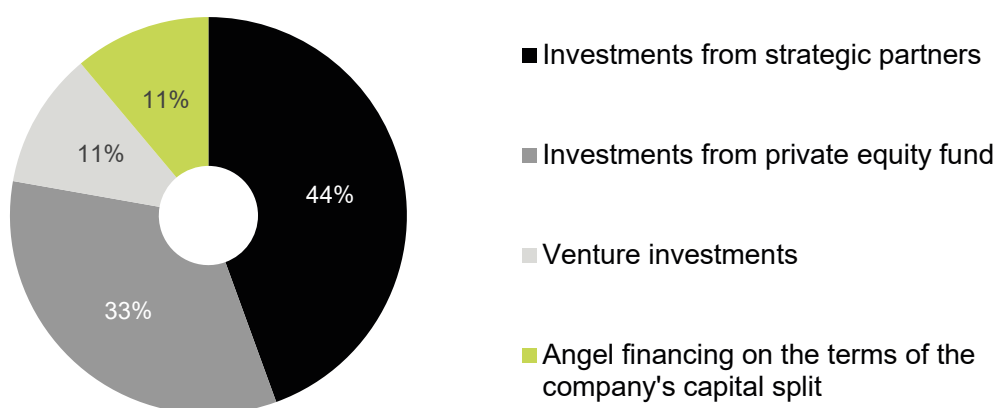
Share of attracted PE investments



Source: survey data

22.5% of respondents refused to attract private equity because the investor's terms and conditions did not match their expectations for the deal. 15% of respondents encountered problems agreeing on the investor's share, management issues, and insufficient market size. At the same time, 12.5% of respondents were hindered by legal issues and/or bureaucratic costs.

The structure of the methods used by the respondents to attract PE investments



Source: survey data

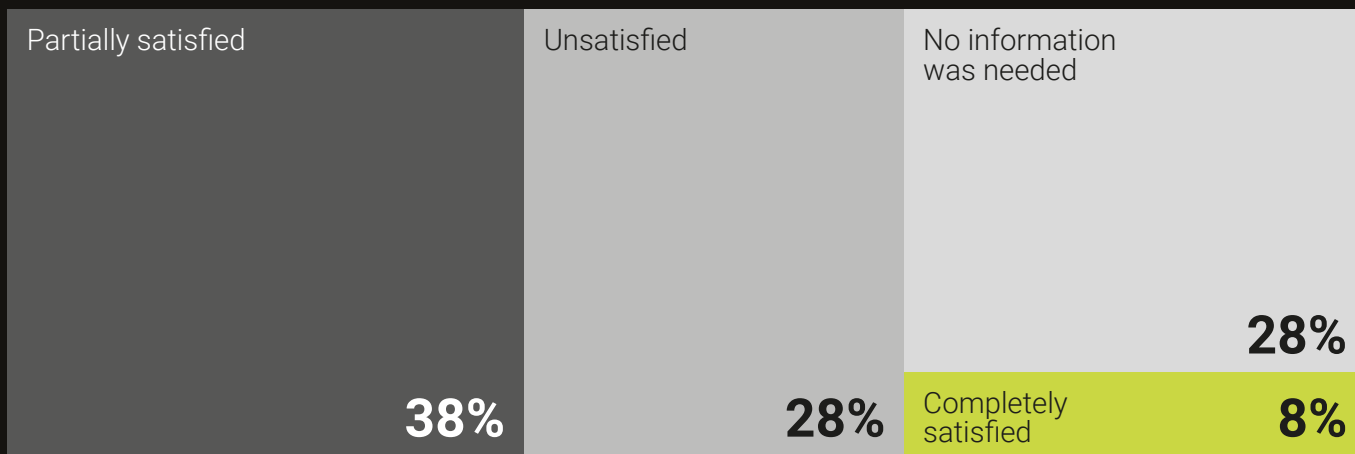
At the same time, 60% of the representatives of the business community who attracted PE investments noted that at the moment the original investor still has a stake in the company. 40% of respondents achieved their goals, and the investor's share was sold.

Satisfaction degree with access to private equity market information

The choice of an instrument for financing activities is primarily influenced by the completeness of available information about it. It is almost impossible to find quality and complete information about the private equity market in Kazakhstan.

According to the survey results, only 8% of respondents are fully satisfied with the quality and completeness of information on the private equity market in Kazakhstan. Partial satisfaction with the level of information was noted by 38% of respondents. The rest of the respondents either did not see the need to obtain information or were not satisfied with the information they were able to obtain or found in open sources.

Satisfaction with information on private equity



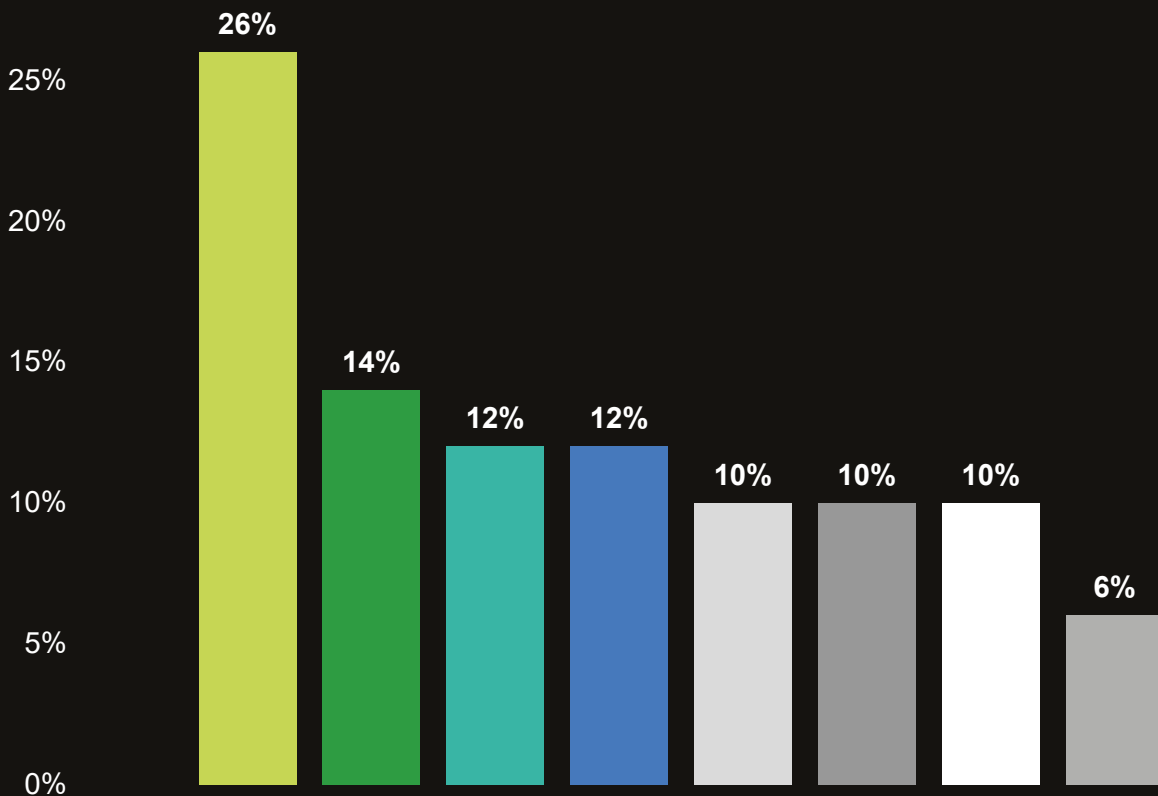
Source: survey data

During the survey, Kazakh businessmen were asked to indicate the advantages of the private equity market. 70% of respondents noted the long-term nature of PE investments, as the term of capital investment is from 5 to 7 years. The absence of collateral was noted by 50% of respondents. The absence of a fixed interest rate as an advantage of PE investments over bank loans and credits was mentioned by 40% of the representatives of the business community of Kazakhstan. In addition, 45% of respondents mentioned the absence of periodic payments and the possibility of using the investor's expertise, experience, and connections as advantages.

At present, the majority of respondents (more than 47.5%) are not ready to consider the option of attracting private equity in the next few years due to the lack of need for additional financing of the company's operations. The following factors also influence the business community's reluctance to cooperate with private equity.

Reasons for lack of interest in attracting PE investments

Reasons why private equity is not suitable for some respondents



- Our company does not require financing at this time
- No interest in attracting additional investors/participants to the management team of the company
- High profitability requirements on the part of investors
- Fear of raiding and investor interference in the management of the company
- Insufficiently developed legal regulation of the private equity market
- I prefer traditional (familiar) sources of financing (bank lending, loans, etc.)
- There is no publicly available information about this financing instrument
- The instrument does not participate in government programs

Source: survey data

Analysis of preferred sources of funding

Respondents were asked to assess the attractiveness of the main types of capital raising on a scale from 1 to 5 points. Below are the average scores assigned by the interviewed managers of Kazakhstani companies to each of them.

3.2 Equity capital replenishment	<p>According to the results of the survey, at the moment capital replenishment by their own efforts (3.2 points) is the most attractive for Kazakhstani businessmen.</p>
3.1 Bank lending	<p>The score given by the respondents to bank loans (3.1 points) indicates a high level of confidence in such a traditional type of financing. According to the respondents, the interest rates, which have increased due to the increase of the RK key rate, are compensated by the transparency of this method of raising capital.</p>
3.0 Private equity raising	<p>The respondents rated the attractiveness of PE investment at 3.0, which tells us that the private equity market in Kazakhstan is underdeveloped. At present, this method of attracting financing is in the third place in the table.</p>
3.0 Help of relatives, friends and acquaintances	<p>The help of relatives, friends, and acquaintances, on which some small business owners rely, is still relevant. This method of obtaining financing ranks 4th.</p>
2.9 Placement of share securities	<p>The placement of debt and share securities received the same score (2.9). However, it should be noted that representatives of large businesses highly appreciated these methods, which is attributed to the complexity of underlying processes.</p>
2.9 Placing of bond securities	<p>Leasing closes the rating of the attractiveness of the methods of attraction of financing of activity.</p>
2.8 Leasing	

Factors affecting the choice of financing method

According to respondents, the most important factor in choosing a financing method is the reliability of the investor or lender (depending on the method); the second, no less important, is the cost of the financing itself. Government support in attracting financing is the least important factor.

Factors that influence the choice of the financing method

1	Investor/lender reliability
2	Cost of funding
3	Ease and speed of obtaining funding
4	Investor's influence on corporate decisions
5	Need for collateral
6	Investor/lender requirements
7	Government support in attracting financing

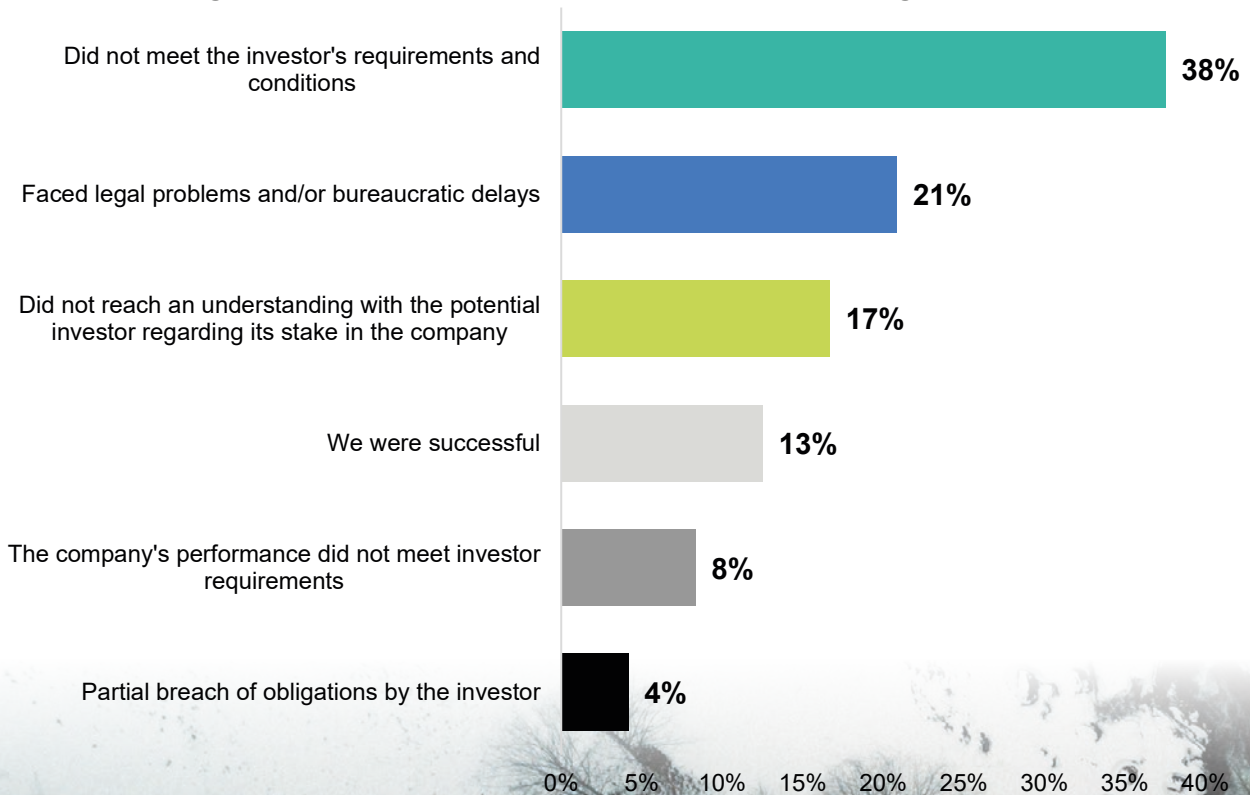
Source: survey data

Analysis of unsuccessful experience in attracting private equity investments

The problems faced by respondents who have attracted private equity are direct search for an investor (39% of answers), insufficiently developed legislation in the field of private equity (28%), as well as disagreements with the founders of the company on issues related to attracted investments (11%). 12% of respondents cited the high cost of attracted investments in comparison with other sources of financing, as well as the lack of necessary information about private equity market participants as a problem. Only 5% of respondents did not encounter any problems.

In addition, 18% of respondents indicated that they had experience in unsuccessfully attracting direct capital investment. The reasons for this are (rounded)

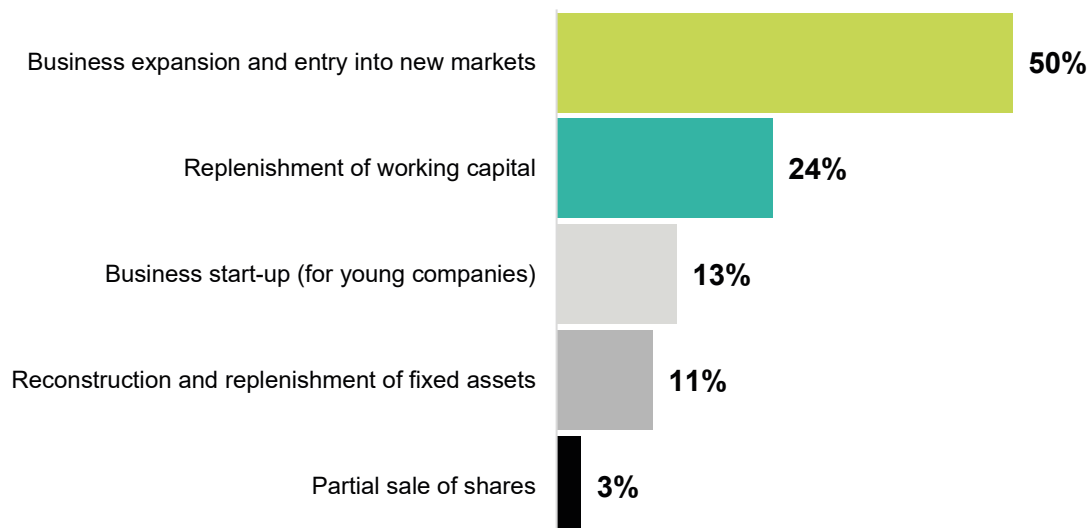
Factors influencing respondents' unsuccessful experience attracting PE investments



Source: survey data

Objectives of attracting private equity investments

Past private equity investment attraction objectives



Source: survey data

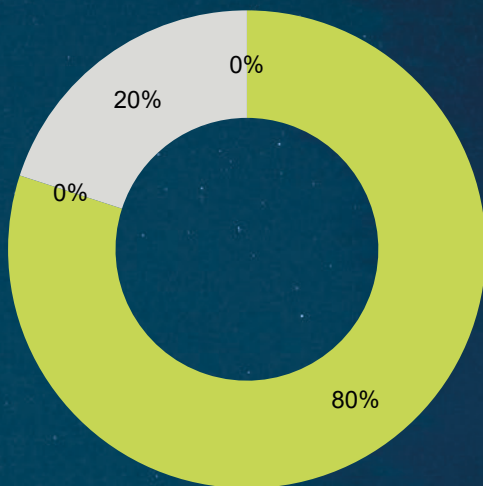
Among the goals for which the investments were attracted Kazakhstani managers indicated: business expansion and the company's entry into new markets (45%), launching a new business (8%), replenishment of working capital (8%), reconstruction and acquisition of fixed assets (5%) and resolution of financial difficulties of the company (3%). 30% do not plan to attract investment in the next three years.



Willingness to cooperate with PEFs

As part of the survey, representatives of the Kazakh business community were asked to rate the attractiveness of working with various types of private equity funds.

The majority of respondents would prefer to cooperate with private equity funds (PEFs), while there is no particular interest in quasi-governmental PEFs at present. The attractiveness of international PEFs was rated 4-5 points (on a scale of 1 to 5) by 43% of respondents.



- Yes, with public and private partners
- Yes, only with public partners
- Yes, only with private partners
- No

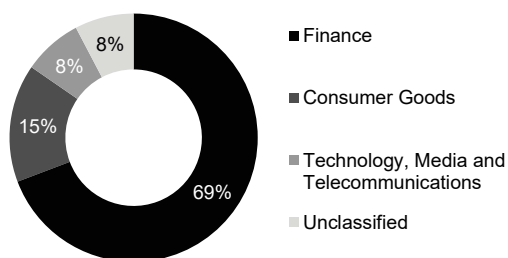
Analysis of successful publicly available PE transactions in Kazakhstan

Freedom Holding Corp. through its subsidiaries provides retail securities brokerage, research, investment advisory, securities trading, market making, retail banking, corporate investment banking and underwriting services. Freedom Holding Corp. is currently one of the most active players in the private equity market in Kazakhstan.

Key fund indicators

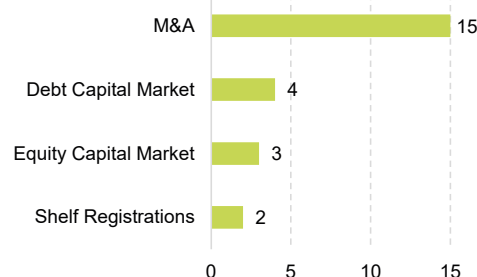
2008 Year of foundation **13** Investments **2** Exits **Almaty** Location **\$85.82** Share price

Investments by sector



Source: S&P Capital IQ Pro

Investments by type of deal



Source: S&P Capital IQ Pro

Freedom Holding Corp.'s major deals in 2022 - 2023

Announ. date	Comple. date	Issuer	Buyer	Seller	Deal value (\$M)
26.04.2023	26.04.2023	Arbuz Group	Freedom Holding Corp.	NA	16.51
24.04.2023	NA	Aviata LLP	Freedom Holding Corp.	Chocofamily Holding	32.30
02.03.2023	02.03.2023	LD Micro, Inc.	Freedom U.S. Markets, LLC	SRAX, Inc.	8.30
16.02.2023	NA	Maxim Group LLC	Freedom Holding Corp.	NA	340.00
20.12.2022	NA	Sergek Group	Freedom Holding Corp.	NA	NA
19.10.2022	27.02.2023	Freedom Finance LLC/ FFINEU Investments	Private Investor	Freedom Holding Corp.	140.00
30.09.2022	19.12.2022	London-Almaty Insurance Company	Insurance Company Freedom Finance Insurance JSC	BTA Bank JSC	16.33
01.04.2022	Terminated/ Withdrawn	MKM Partners LLC	Freedom Holding Corp.	NA	NA

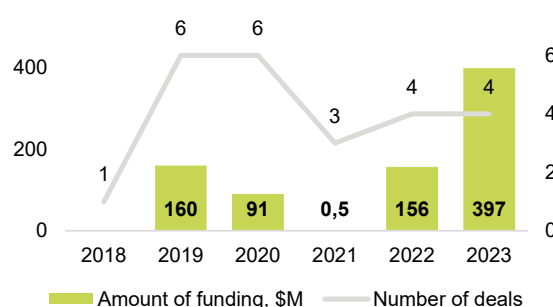
Source: S&P Capital IQ Pro

Geography of the fund portfolio



Source: S&P Capital IQ Pro

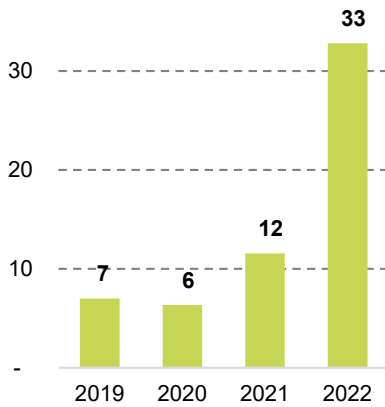
Volume of recent deals



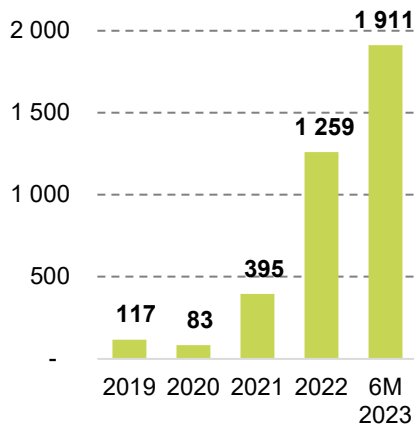
Source: S&P Capital IQ Pro

On 30 December 2020, Freedom Holding Corp, owned by Timur Turlov, acquired 100% of the ordinary shares of Bank Kassa Nova from Forte Bank. The total value of the transaction was \$52.9 mln. On 1 February 2021, the bank was re-registered as Freedom Finance Bank Kazakhstan JSC.

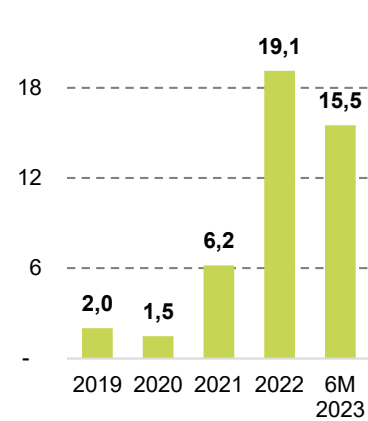
Revenue, KZT bn



Assets, KZT bn



Net income, KZT bn



Source: S&P Capital IQ Pro

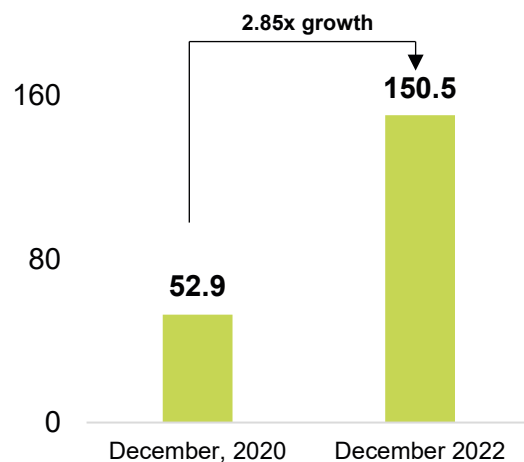
According to the results of 2022, JSC “Bank Freedom Finance Kazakhstan” became one of the leading sectors in terms of asset growth. Since the transaction, assets have increased 23.1 times, from KZT83bn in 2020 to KZT1,911bn. Net profit in 2022 totalled KZT19.1bn against KZT1.47bn in 2020. This fact showed an increase in the share of Freedom Holding Corp. 2.85x, totalling \$150.5 mln. As of 01.07.2023 from the date of investment, the share of Freedom Holding Corp. grew by \$150.5 mln (at an average P/BV multiple of 0.8x).

Key indicators of the deal

Title	Indicators
Issuer	AO «Bank Kassa Nova» (Subsidiary bank of JSC ForteBank)
Seller	JSC ForteBank
Buyer	Freedom Holding Corp.
Sector	Financial (Bank)
Completion date	25.12.2020.
Acquired interest (%)	100%
Acquired shares (actual)	9,356,140
Deal value per share (KZT)	1,834.07
Deal value, mln KZT	17,159.78

Source: S&P Capital IQ Pro

Value of Freedom Holding Corp. share since entry, \$M



Source: S&P Capital IQ Pro

This transaction was a strategic move by the Holding Company to create an integral ecosystem. Today, all types of services (insurance, ticketing, retail, electronics, etc.) offered by the Holding’s subsidiaries are integrated with Freedom Bank, which demonstrates the success of the investment.

Overview of successful PE deals in Kazakhstan

TAV Havalimanlari Holding A.S. together with its subsidiaries constructs terminal buildings, manages and operates terminals or airports in Turkey, Kazakhstan, Georgia, Qatar, Macedonia, Latvia, Croatia, Tunisia, Oman, Saudi Arabia, Spain and other countries over the globe. TAV provides airport support services, including ground handling, food and beverage services, security, operational services, IT services and duty-free services.

Key indicators

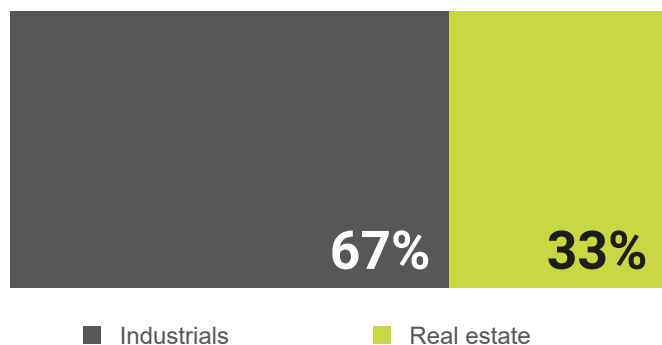
1987
Year of foundation

\$1,709.2 B
Market capitalization

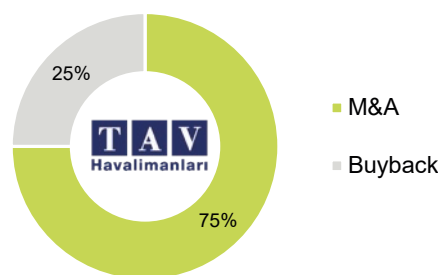
Istanbul
Location

\$4.7
Share price

Investments by sector



Investments by deal type



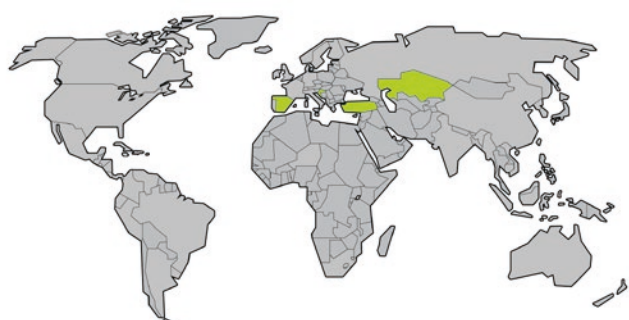
Source: S&P Capital IQ Pro

The main deals of TAV Havalimanlari Holding A.S for 2019 - 2023

Announ. date	Compleat date	Issuer	Buyer	Seller	Deal value (\$M)	Country
02.11.2022	02.11.2022	MZLZ Ground Handling Services Ltd	Havas Ground Handling Co.	NA	NA	Croatia
05.08.2020	29.04.2021	Joint-Stock Company Almaty International Airport*	TAV Kazakhstan LLP; VPE Capital	Venus Airport Investments B.V.	2,997.78	Kazakhstan
03.12.2020	NA	TAV Havalimanlari Holding A.S.	NA	NA	200	Spain
24.01.2019	24.01.2019	Gestio I Serveis Trade Center, SA	TAV Operation Services Co.	NA	NA	Turkey

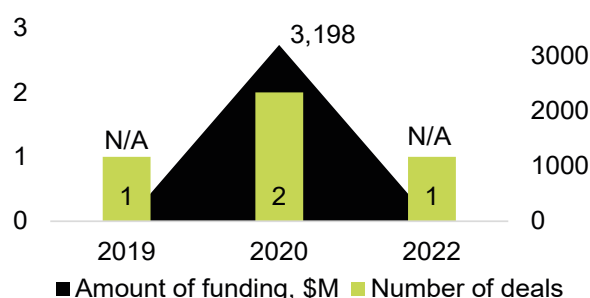
Source: S&P Capital IQ Pro

Geography of the fund portfolio



Source: S&P Capital IQ Pro

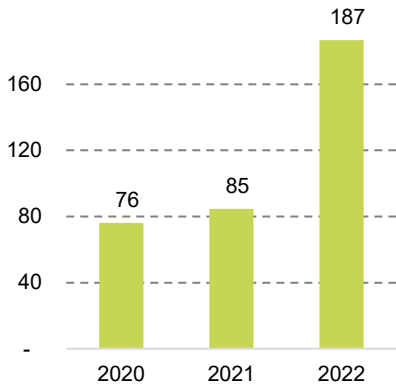
Latest deals



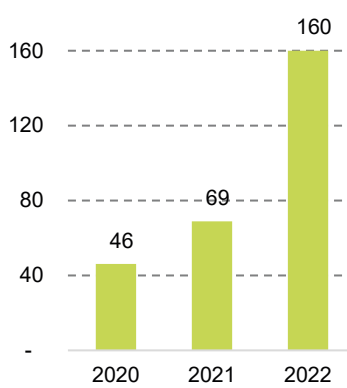
Source: S&P Capital IQ Pro

On 29 April 2021, VPE Capital and TAV Kazakhstan LLP completed the acquisition of Almaty International Airport Joint Stock Company from Venus Airport Investments B.V. for an enterprise value of \$365 mln. Upon completion of the transaction, TAV will become the beneficial owner of 85% of the shares of the airport and related companies providing fuel and catering services. The remaining 15% of the shares will be owned by the Kazakhstan Infrastructure Fund managed by VPE Capital. Qazaqstan Investment Corporation JSC is the anchor investor of the fund.

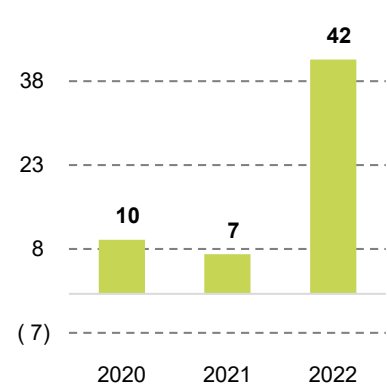
Assets, KZT bn



Revenue, KZT bn

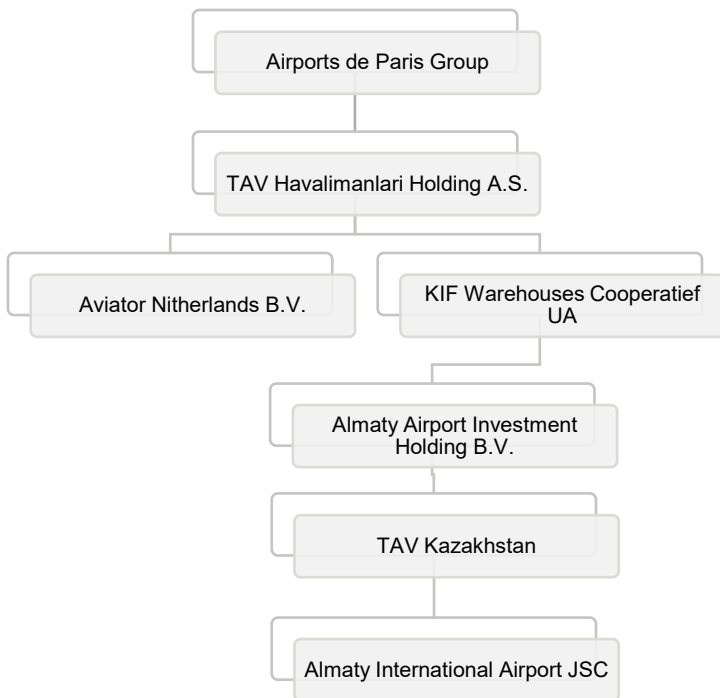


Net income, KZT bn



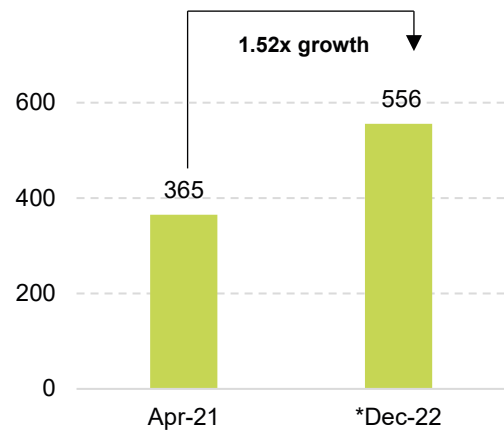
Source: S&P Capital IQ

Ownership structure of Almaty International Airport JSC after the transaction



Source: Audited Financial Statements 2022

Value of TAV Kazakhstan share since entry, \$M



Source: S&P Capital IQ

Since the entry of TAV Kazakhstan, the value of the company has shown a growth of 1.5x. Attracted investments and effective management by TAV Kazakhstan, Almaty International Airport started the process of active development. At the moment works on increasing the airport's throughput capacity by 2 times are underway, at the expense of investment in the amount of \$200 mln. The main goal of the company is to unlock the potential of Almaty Airport as a transit route at the international level.

*indicative assessment by comparative method based on public data

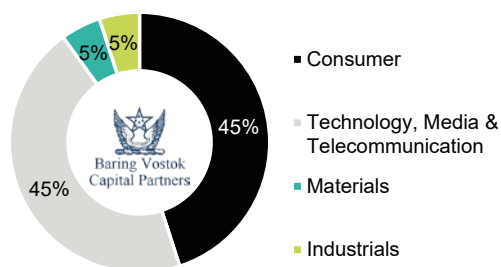
Overview of successful PE deals in Kazakhstan

Baring Vostok Capital Partners Limited is a venture capital and private equity firm specialising in investments in early-stage ventures, acquisitions, buyouts, growth capital, late-stage, middle-market and business-to-business ventures. The Company prefers to invest in non-traded or nominally traded companies in Russia and the CIS, including Kazakhstan, Ukraine, other CIS countries. The Company seeks to invest between \$10 mln and \$200 mln in companies with annual sales of \$10 mln to \$500 mln.

Key fund indicators

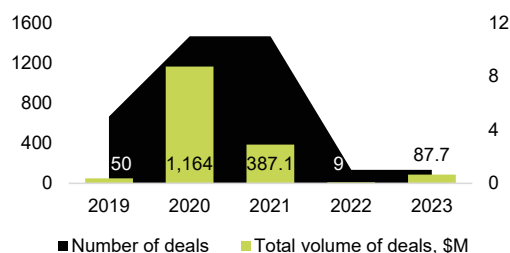
1994 Year of foundation **108** Investments **60** Portfolio **Moscow** Location **9** Closed funds

Investments by sector



Source: S&P Capital IQ Pro

Investments by deal type



Source: S&P Capital IQ Pro

Principal transactions of Baring Vostok Capital Partners Limited

Announ. date	Compleat date	Issuer	Buyer	Seller	Deal value (\$M)
24.07.2023	NA	Kolesa Group*	Kaspi.kz Joint Stock Company	Baring Vostok Capital Partners; Baring Vostok Private Equity Fund V, L.P.	87.66
10.01.2022	10.01.2022	Odreval Limited*	Baring Vostok Capital Partners Limited; GIVC Tech III Limited; RedSeed Ventures	NA	9.00
09.12.2021	09.12.2021	Mindbox.Cloud B.V.*	Baring Vostok Capital Partners Limited	NA	13.00
22.09.2021	22.09.2021	Cloud Retail LTD*	Baring Vostok Capital Partners; Flint Capital; Heartland A/S; LVL1 Group; Playrix Entertainment	NA	27.87
22.04.2014	22.04.2014	Kolesa Group*	Baring Vostok Capital Partners Limited	NA	15.00

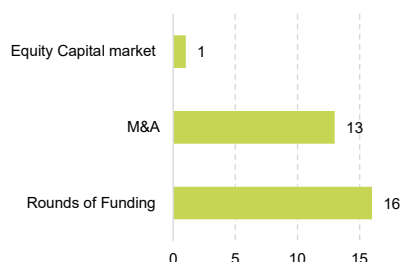
Source: S&P Capital IQ Pro

Geography of the fund portfolio



Source: S&P Capital IQ Pro

Investments by deal type

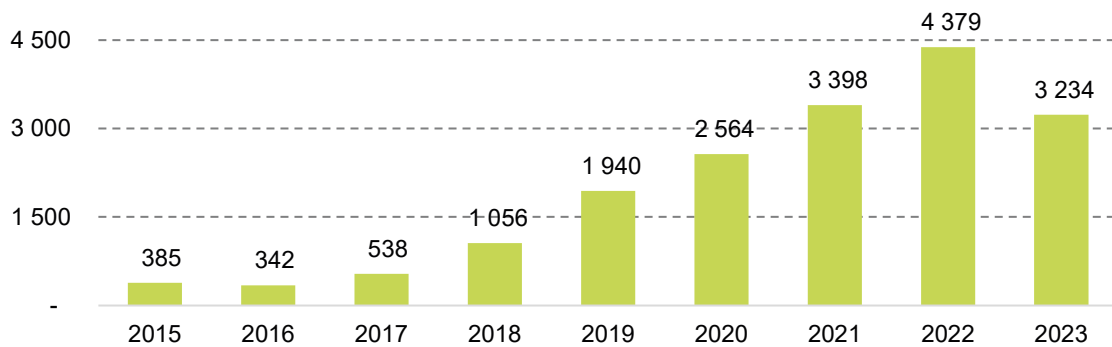


Source: S&P Capital IQ Pro

Joint Stock Company Kaspi.kz (LSE:KSPI) has signed an agreement to acquire 50.76% of the shares in Kolesa LLP from Mikhail Lomtadze and Baring Vostok Private Equity Fund V, L.P., managed by Baring Vostok Capital Partners Limited, for KZT39 bn on 24 July 2023. As part of the transaction, Mikhail Lomtadze transferred 11% of his shares in Kolesa to the trust management of Kaspi.kz. Kaspi will acquire 39.76% of Kolesa’s shares from Baring Vostok Private Equity Fund V, a fund managed by Baring Vostok Capital Partners Limited, for a cash consideration of KZT 39 bn.

Earlier, on 22 April 2014, the Baring Vostok Capital Partners Limited fund participated in the authorised capital of Kolesa LLP, which was valued at \$30 mln, and the fund invested \$15 mln in the company.

Amount of tax payments by Kolesa Group, mln KZT



Source: Adata

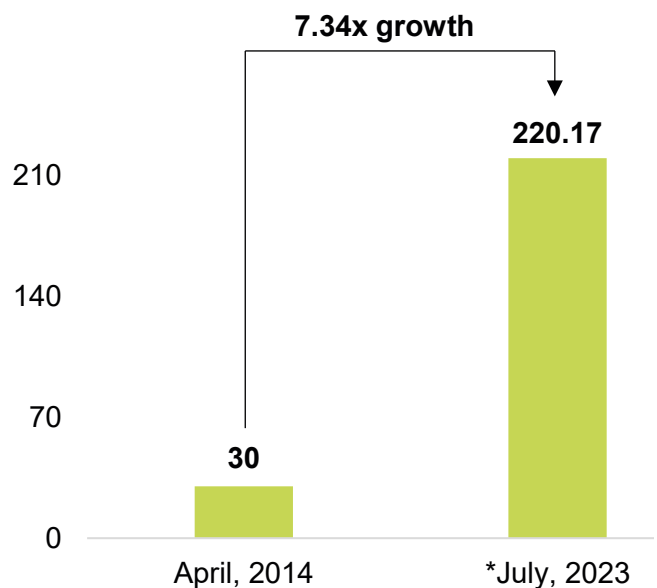
Kolesa Group is one of the first IT companies in Kazakhstan. It was founded in 1996 when it started publishing a newspaper with private advertisements. Since then, the company has created the country’s most popular services, Krisha.kz and Kolesa.kz, and increased its workforce to 470 people.

Thus, the value of Kolesa Group has increased by 7.34 times since Baring Vostok Capital Partners Limited’s entry in 2014.

Despite the lack of financial data on the group, the dynamics of tax deductions show high growth rates. Currently, Kolesa Group’s services are being actively integrated into the Kaspi ecosystem. For example, the advertising service Market.kz was relaunched under the Kaspi brand and became part of the Kaspi super-application.

**indicative valuation by comparative method based on public data*

Value of Kolesa Group since the entry of Baring Vostok, \$M



Source: S&P Capital IQ



4 Conclusion and recommendations



Identification of challenges for the development of private equity market in Kazakhstan

Based on the survey results, respondents identified 3 main categories of private equity market development challenges:

- **Regulation** - this category includes the most frequently cited issue - high state ownership of the economy, instability and non-transparency of regulation, and inconsistency of regulators.
- **Access to capital** - this category includes insufficient development of public markets, restrictions on bank lending in dollars and the availability of hard collateral.
- **Infrastructure** - in this category, respondents highlighted both difficulties with the quality of education and limitations of physical infrastructure, in particular access to electricity for manufacturing and real estate facilities.

Overall, it can be concluded that market participants from the PEFs/investors mentioned primarily fundamental issues. Technical issues such as the lack of direct investment associations or insufficient market awareness of direct investment opportunities were not mentioned by respondents from funds and representatives of family offices, while insufficient awareness of direct investment instruments was mentioned as a limitation in determining the choice in favour of other instruments in the survey of business representatives. At the same time, when choosing a source of funding, the reliability of the investor was rated even higher than the cost of funding by the survey participants from the business side.

Among the factors limiting the attractiveness of PE investments as an option for business financing, the possibility of raiding and the probability of investor interference in the management of the company were also mentioned.

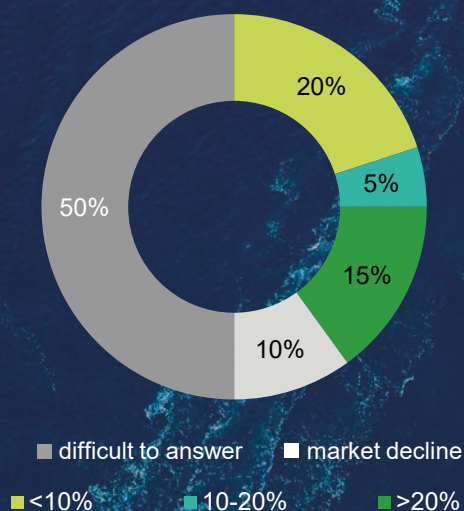
Thus, it can be concluded that for the interviewed members of the Kazakh business community, the trust factor of a potential investor is critical, and in this sense, increasing the amount of publicly available information on transactions and potential investors could help to improve the situation.

Some institutional investors interviewed mentioned the abundance of incentives for small businesses as a market problem, which, combined with weak protection of business interests, deprives small businesses of the motivation to grow to the size of medium-sized enterprises and beyond. In other words, small businesses would rather limit their activities to stay off the radar of certain government agencies and to maintain existing tax and financial incentives than to attract additional investment for business growth, to expand aggressively into new markets or to improve their product in depth.

As a solution to this situation, the respondent suggested considering the option of providing more government guarantees for SME loans instead of direct interest subsidies, as well as expanding support and protection measures specifically for medium-sized businesses.

Prospects, opportunities and market outlook

Market growth rate forecast for 2024 based on survey results



Source: data from a survey of market participants

Roughly half of the respondents found it difficult to forecast the growth of the private equity market, even in the short term, and the forecast for the next five years is even more uncertain due to the influence of a significant number of influencing factors and a relatively small number of deals, which means that individual large deals can have a strong impact on the forecast.

In general, the opinions of PEFs and family offices respondents are divided: 20% expect growth of less than 10% year-on-year, 15% expect growth of more than 20% and around 10% expect the private equity market to decline.

Recommendations for the development of the PE market

The opinions of surveyed institutional investors, fund representatives and family offices on market drivers were diverse.

Among the market drivers, the interviewed market participants most often mentioned AIFC and the possibility of doing business under English law. The TOP-5 also included the activity of institutional investors, a rich resource base, exchange rate stability, foreign capital inflow, and digitalization.

In terms of measures to influence the market to stimulate its growth and develop growth, the measures suggested by the respondents can be categorized into 3 main groups:

- Government regulation and enforcement
- Development of equity markets
- Infrastructure development

Proposed measures to develop capital markets included both proposals to develop the stock market

and to simplify banking regulations to ensure the flow of leverage into the market (according to the survey, many family offices actively use bank leverage).

Among the important infrastructure issues mentioned were training activities, addressing energy shortages and improving corporate governance in Kazakhstani companies.

Institutional investors also noted the importance of supporting medium-sized businesses and replacing direct subsidy mechanisms with more sustainable support options such as state guarantees.

The majority of respondents noted the significant role of QIC and its funds in the development of the market at the current stage.

In particular, respondents noted co-investment with foreign funds as an effective method of risk mitigation.

Measures proposed by respondents for market development

Regulation and enforcement of decisions 94%	Development of capital markets 44%	Infrastructure 22%
<ul style="list-style-type: none"> • Restriction of state participation in the economy • Transparency in the activities of regulatory and judicial bodies • Strong and clear regulatory framework • 100% implementation of adopted initiatives • Continuity in decision-making and implementation • Stability of tax policy • Requirement for local companies to increase the share of Kazakhstani content in procurement of goods and services • Improve stimulation of the economy through the adoption of a specific program with clear KPI • Protection of private property • Stimulative tax policy 	<ul style="list-style-type: none"> • Training activities (to improve human capital and for investors) • Increasing the level of corporate governance and transparency in business • Resolving the issue of shortage of energy resources (gas and electricity) by increasing capacity 	<ul style="list-style-type: none"> • Development of the stock market and the AIFC as a center of attraction for capital • Restriction of currency risks (hedging instruments, development of the futures market) • Creation of institutional LPs • Attracting greater numbers of early and growth stage funds • Weakening of requirements for second-tier banks • Removing an impediment to lending

Source: data from a survey of market participants



5 Appendices



List of publicly available sources on private equity instruments in Kazakhstan

AIFC (Astana International Financial Centre)

aifc.kz

AIFC provides open data on its financial services, investment climate and regulatory framework, providing a valuable source of information for investors interested in AIFC.

Eurasian Development Bank (EDB)

eabr.org/about/states-participants/kazakhstan

The EDB offers open data on its financial activities and investments in Kazakhstan, which contributes to a better understanding of the region's economic development initiatives.

European Bank for Reconstruction and Development (EBRD)

www.ebrd.com/kazakhstan

The EBRD provides open data on its investments and projects in Kazakhstan, providing insight into the bank's support for economic development and infrastructure projects in the country.

Forbes Kazakhstan

forbes.kz

Forbes Kazakhstan publishes articles and reports providing information and analysis on direct investment in the country, providing a business-oriented perspective on investment opportunities and challenges.

International Monetary Fund (IMF)

www.imf.org/en/Countries/KAZ

IMF provides economic data and reports on member countries, including investment information.

Kazakh Invest

invest.gov.kz

Kazakh Invest acts as an agency for attracting investment to Kazakhstan and also publishes statistics relating to the investment climate in the country.

Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the RK

stat.gov.kz

Kazakhstan's official statistical agency publishes economic indicators and investment-related data.

Kazakhstan Stock Exchange (KASE)

kase.kz

KASE can offer data on various financial instruments including stocks and bonds.

Ministry of National Economy of RK

www.gov.kz/memleket/entities/economy

The ministry publishes reports on economic indicators and investment climate.

MOST

most.com.kz

MOST is a venture capital fund and business incubator that publishes reports on the venture capital and private equity market in Kazakhstan.

National Bank of Kazakhstan (NBK)

www.nationalbank.kz

NBK provides economic and financial data, including information on private equity.

QIC (Investment Corporation Kazakhstan)

qic.kz

QIC, the largest quasi-governmental private equity fund attracting local and international investors to co-finance non-resource projects, regularly publishes data on Kazakhstan's private equity market.

Statista

www.statista.com/statistics/1253960/fdi-inward-flow-in-kazakhstan

Statista offers data and visualisations on various economic indicators and investment trends in Kazakhstan, providing a comprehensive overview of the country's economic landscape.

UNCTAD (United Nations Conference on Trade and Development)

unctadstat.unctad.org/CountryProfile/GeneralProfile/en-GB/398/index.html

UNCTAD offers investment-related statistics, including data on foreign direct investment (FDI).

United States Agency for International Development (USAID)

www.usaid.gov/ru/kazakhstan

USAID offers open data on its development projects and initiatives in Kazakhstan, providing insight into how the agency supports economic growth and stability in the region.

World Bank

www.worldbank.org/en/country/kazakhstan

World Bank reports often provide data on aspects of the business and investment climate in various countries, including Kazakhstan.

List of Private Equity market associations

AAVC (Association of Asian Private Equity and Venture Capital): A network that connects private equity and venture capital professionals across Asia, fostering collaboration and knowledge exchange.

ABVCAP (Brazilian Association of Private Equity & Venture Capital): ABVCAP is the association representing the private equity and venture capital industry in Brazil, working to promote the development of the asset class in the country.

ACG FO (Association for Corporate Growth - Family Office Network): A network within ACG that focuses on connecting professionals involved with family offices, which often play a role in private equity investments.

AFP (Association for Financial Professionals): Brings together finance professionals, including those involved in corporate finance and investment, providing educational resources and networking opportunities.

AFIC (Association Française des Investisseurs pour la Croissance): AFIC is the French private equity and venture capital association, that promotes the development of private equity and contributes to the growth of businesses.

AIFI (Italian Private Equity and Venture Capital Association): AIFI promotes the development of private equity and venture capital in Italy, advocating for the industry and supporting its members.

AMEXCAP (Mexican Association of Private Equity and Venture Capital): AMEXCAP represents the private equity and venture capital industry in Mexico, advocating for the growth of the sector and supporting its members.

AMIC (Association Marocaine des Investisseurs en Capital): The Moroccan Association of Capital Investors, focused on promoting and supporting the private equity and venture capital sector in Morocco.

APCRI (Portuguese Private Equity and Venture Capital Association): Representing the private equity and venture capital industry in Portugal, APCRI aims to contribute to the development of the sector.

APEA (Arab Private Equity Association): The Arab Private Equity Association, working to develop the private equity and venture capital ecosystem in the Arab region.

ASEAN VC (Association of Southeast Asian Nations Venture Council): ASEAN VC is a network that aims to promote collaboration and knowledge-sharing among venture capital and private equity professionals in the Southeast Asian region.

ASCRI (Spanish Private Equity and Venture Capital Association): The Spanish Association of Capital, Growth, and Investment, advocating for the interests of private equity and venture capital in Spain.

ATIC (Tunisian Venture Capital Association): The Tunisian Association of Venture Capital, is dedicated to promoting and facilitating venture capital activities in Tunisia.

AVCA (African Private Equity and Venture Capital Association): AVCA is a leading pan-African industry association that promotes and develops private equity and venture capital in Africa.

AVCAL (Australian Private Equity and Venture Capital Association): Advocating for the Australian private equity and venture capital industry, providing support and industry insights.

List of Private Equity market associations

AVCO (Austrian Private Equity and Venture Capital Organisation): Representing the interests of private equity and venture capital in Austria, fostering a supportive ecosystem.

BVCA (British Private Equity & Venture Capital Association): BVCA represents the private equity and venture capital industry in the UK, providing networking opportunities, research, and advocacy.

BVK (Bundesverband Deutscher Kapitalbeteiligungs-gesellschaften): The German Private Equity and Venture Capital Association, advocating for the industry in Germany.

CVCA (Canadian Venture Capital and Private Equity Association): CVCA represents the venture capital and private equity industry in Canada, fostering investment and promoting the interests of its members.

CVCA (China Venture Capital Association): Focused on promoting the development of the venture capital industry in China, fostering collaboration and best practices.

CVCA (Czech Venture Capital and Private Equity Association): Representing the private equity and venture capital industry in the Czech Republic.

DVCA (Danish Venture Capital and Private Equity Association): DVCA is the national association representing the private equity and venture capital industry in Denmark, promoting investment and industry development.

EVCA (European Private Equity & Venture Capital Association): EVCA represents the private equity community across Europe, advocating for the industry and providing research and information.

FVCA (Finnish Venture Capital Association): Representing the Finnish venture capital industry, supporting its members and promoting best practices.

GVCA (Gulf Venture Capital Association): GVCA is a non-profit trade and industry association for Venture Capital (VC) and Private Equity (PE) in the Gulf region.

GPCA (Global Private Capital Association): GPCA represents the private equity community across Europe, advocating for the industry and providing research and information.

HKVCA (Hong Kong Venture Capital and Private Equity Association): HKVCA encourages a vibrant venture capital and private equity industry in Asia, promoting the role of member firms in value creation, innovation, and economic development.

ILPA (Institutional Limited Partners Association): ILPA represents limited partners (LPs) in the private equity industry, providing resources, research, and advocacy to enhance transparency and collaboration between LPs and general partners (GPs).

INREV (European Association for Investors in Non-Listed Real Estate Vehicles): INREV focuses on non-listed real estate vehicles, including those managed by private equity real estate firms, providing insights and standards for the industry in Europe.

Invest Europe (formerly – EVCA): The European private equity and venture capital association, representing the industry at the European level.

IVCA (Irish Venture Capital Association): Advocating for the Irish venture capital industry, supporting its growth and development.

KVCA (Kazakhstan Venture Capital Association): KVCA aims to promote the development of the venture capital and private equity industry in Kazakhstan.

LAVCA (Latin American Private Equity & Venture Capital Association): LAVCA focuses on private equity and venture capital in Latin America, providing research, networking opportunities, and information on the industry in the region.

LVCA (Latvian Venture Capital Association): Representing the interests of venture capital in Latvia.

MEVCA (Middle East Venture Capital Association): MEVCA aims to serve the Middle East's entrepreneurial and investment community by advancing the region's venture capital industry and greater entrepreneurial ecosystem.

NPEAN (National Private Equity Association of Nepal): NPEAN is dedicated to promoting the private equity and venture capital industry in Nepal.

NVCA (National Venture Capital Association): Although primarily focused on venture capital, the NVCA also covers aspects of private equity and is a key organization for the U.S. venture capital and private equity community.

NVCA (Norwegian Venture Capital & Private Equity Association): Advocating for the Norwegian venture capital and private equity industry.

NVP (Nederlandse Vereniging van Participatiemaatschappijen): Representing the private equity industry in the Netherlands.

PPEA (Polish Private Equity Association): Advocating for the development of private equity in Poland.

PSIK (Polish Private Equity and Venture Capital Association): Represents the private equity and venture capital industry in Poland, supporting industry growth and development.

Réseau Capital (Québec Venture Capital and Private Equity Association): Representing the venture capital and private equity industry in Quebec, Canada.

RVCA (Russian Venture Capital Association): Focused on fostering the development of venture capital in Russia.

SECA (Swiss Private Equity & Corporate Finance Association): SECA is an association based in Switzerland that represents the private equity, venture capital, and corporate finance industries.

SAVCA (Southern African Venture Capital and Private Equity Association): Representing the venture capital and private equity industry in Southern Africa.

SVCA (Swedish Venture Capital Association): Represents the private equity and venture capital industry in Sweden, supporting its members and advocating for the interests of the industry.

SLOVCA (Slovak Venture Capital Association): Representing the venture capital industry in Slovakia.

TOBB-ETÜYB (National Private Equity Association of Turkey): Represents private equity and venture capital activities in Turkey, fostering the growth and development of the industry.

UZPEVCA (Uzbekistan Private Equity and Venture Capital Association): Focuses on promoting private equity and venture.

List of 10 major Kazakhstani funds with brief descriptions

1	Baiterek Venture Fund	BVF provides private equity investments in promising companies in Kazakhstan's non-resource sectors at the start-up, growth and maturity stages. BVF is active in the private equity market and implements projects in partnership with international financial institutions such as EBRD, ADB and others.
2	Kazakhstan Growth Fund L.P.	KGF is engaged in private equity investments in sectors such as food processing, mining equipment, metallurgy, and wood processing in the Republic of Kazakhstan (70% of the total capitalisation) and Central Asia. The lifetime of the fund will be over in December 2023.
3	Kazakhstan Infrastructure Fund	KIF engages in private equity investments in infrastructure projects in the Republic of Kazakhstan.
4	BGlobal Ventures	BGlobal Ventures Ltd. is a private company established to promote sustainable growth of the country's economy by developing the venture capital market in Kazakhstan and Central Eurasia. The company aims to develop the venture capital ecosystem in Kazakhstan and Central Eurasia by building a broad network of investment partners and nurturing a new wave of business angels, management companies and other venture capital market participants.
5	Citic Capital Silk Road Gp Ltd.	Citic Capital Silk Road Gp Ltd. is a principal investment company. It was founded in February 2016 and is based in China
6	Da Vinci Emerging Technologies Fund III L.P. (Da Vinci)	Da Vinci invests in projects in such industries as software development, IT infrastructure and telecommunications, financial technologies, B2C/B2B technologies and other IT sectors in CIS countries, including Kazakhstan, and European countries.
7	DBK Equity Fund C.V. (DBK EF)	DBK EF invests in priority sectors of the economy together with the Development Bank of Kazakhstan JSC and the Industrial Development Fund JSC in the Republic of Kazakhstan.
8	KCM Sustainable Development Fund I C.V. (KCM SDF)	KCM SDF invests in projects in sectors such as agro-industry, manufacturing, technical services and provision of services, healthcare, information and communication, energy, etc. in the Republic of Kazakhstan.
9	Baring Vostok Private Equity Fund V, L.P.	Baring Vostok Private Equity Fund V, L.P. specialises in investing in early-stage venture capital projects, buyout companies and mid-cap companies. The Fund seeks to invest in mid-sized and mid-market projects and companies in the Internet, software development, media, telecommunications, financial services, consumer goods and services, and natural resources sectors. The Fund seeks to invest in companies located in Russia, Kazakhstan, Ukraine, other CIS countries and Mongolia. The fund typically invests between \$30 mln and \$200 mln in each company. The Fund does not plan to invest more than 25% of its capital in any one sector or more than 15% in any one company. Baring Vostok Private Equity Fund V consists of Baring Vostok Private Equity Fund V with a target size of \$1 bn and Baring Vostok Private Equity Fund V Supplemental, a co-investment fund with a target size of \$450 mln.
10	500 Global	500 Global invests in projects in industries such as IT, including internet and information technology and/or other technology-related areas in the U.S. and other markets, including Kazakhstan.



6 List of abbreviations

List of abbreviations

ACAF – Aureos Central Asia Fund	LP – Limited Partner
ADB – Asian Development Bank	M&A – Mergers and Acquisitions
AIFC – Astana International Financial Centre	MBO – Management Buyout
AIX – Astana International Exchange	MC – Management Company
APR – Asia-Pacific Region	MMPC – Mining and Metallurgy Processing Complex
AUM – Assets under management	MNE RK – Ministry of the National Economy of the Republic of Kazakhstan
AZN – Azerbaijan Manat	MNT – Mongolian Tughrik
BVCP – Baring Vostok Capital Partners	MRIF – Macquire Russia and CIS Infrastructure Fund
BVF – Baiterek Venture Fund	NATD – National Agency for Technological Development JSC
CA – Central Asia	NB RK – National Bank of the Republic of Kazakhstan
CAGR – Compound Annual Growth Rate	OECD – Organization for Economic Cooperation and Development
CIT – Corporate Income Tax (КПН)	OGC – Oil and Gas Complex
CDC – Commonwealth Development Company	PE – Private equity
CKIF – CITIC Kazyna Investment Fund	PEF(s) – Private Equity Fund(s)
DBK – Development Bank of Kazakhstan JSC	PI(s) - Private investor(s)
DBK EF – DBK Equity Fund	PIPE – Private Investments in Public Equity
EBRD – Eurasian Bank of Reconstruction and Development	PSMP – Professional securities market players
EMPEA – Emerging Market Private Equity Association	QIC – Qazaqstan Investment Corporation
FDI – Foreign Direct Investment	RCF – Resources Capital Fund
FGF – Falah Growth Fund	RCG – Resources Capital Group
FO – Family Office	ROF– Round of Funding
GDP – Gross Domestic Product	RKFN – Russian-Kazakhstan Fund of Nanotechnologies
GDP (PPP) – Gross Domestic Product (Purchasing Power Parity)	ROA – Return on Assets
GP – General Partner	ROE – Return on Equity
GPCA - Global Private Capital Association	SAFE Agreement – Simple agreement for future equity
GS – Government securities	SEZ(FEZ) – Special Economic Zone (Free Economic Zone)
IFC – International Finance Corporation	SM – Securities market
IFI – International Financial Institution	SME – Small and Medium-sized Enterprises
IFO – International Financial Organization	SPIID – State Program of Industrial-Innovative Development
IIF – Islamic Infrastructure Fund	TMT – Turkmenistan manat
IPO – Initial Public Offering	TJS – Tajikistani Somoni
IRR – Internal rate of return	UAPF – Unified Accumulative Pension Fund
IT – Information Technologies	USD – US Dollar
KAGF – Kazakhstan Silk Road Agriculture Growth Fund	UZS – Uzbek som
KCM SDF – KCM Sustainable Development Fund	VC – Venture Capital
KCRF – Kazakhstan Capital Restructuring Fund	WB – World Bank
KGF – Kazakhstan Growth Fund	Preqin Private Capital Index – captures the return earned by investors on average in their private capital portfolios, based on the actual amount of money invested in private capital partnerships. Includes a variety of regional / sector subindexes.
KGS – Kyrgyz som	
KIF – Kazakhstan Infrastructure Fund	
KISS – Kazakhstan Institute for Strategic Studies	
KPI – Key Performance Indicators	



17

PEFs



\$2,4 B

investments made with
QIC's involvement



111

funded
projects



50+

partnerships with
international organizations



23,000

jobs created and
facilitated

Information about the Initiator of the study

QIC is a key player and driver of the private equity market in Kazakhstan

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QIC is a sovereign wealth fund of private equity funds established to promote the growth and development of Kazakhstan's national economy.

The only institutional investor in Kazakhstan, with over 16 years of experience.

QIC creates a dynamic ecosystem for the sustainable development of the country. QIC's activities are aimed at building private equity infrastructure in the country and attracting foreign investment in priority sectors of the economy. For every dollar invested, QIC attracts \$2.1 from foreign partners. QIC opens up opportunities for development and access to foreign markets and enables the implementation of large-scale projects and participation in the economic development of Kazakhstan.

Through its private equity funds, QIC provides capital to companies from micro and small businesses to large projects and city-forming enterprises representing various industries and activities.

Today QIC is a member of 17 funds, with equity capital of KZT 227 bn and assets of KZT 281 bn.

In September 2023, Fitch Ratings upgraded Qazaqstan Investment Corporation (QIC)'s Longterm foreign and local currency Issuer Default Ratings (IDRs) to 'BBB-' from 'BB+'. The outlook is "stable". Fitch Ratings also upgraded QIC's national scale rating to 'AA+(kaz)' from 'AA(kaz)'.

The study was carried out by:

Moldir Zhakanova, Miras Utepov



703
Offices



145
Countries



122
Network members



\$4.7 B
Total revenue



41,243
Staff members

Information about the Performer of the study

Baker Tilly in Kazakhstan is an independent consulting company, a member of the Baker Tilly international network.

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Baker Tilly International is one of the leading accounting and consulting firm networks in the world, ranked in the top 10, with offices in 145 countries.

The mission of independent members of Baker Tilly International is to provide services in the field of accounting, taxation and financial activities, using international resources and connections.

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Baker Tilly in Kazakhstan is one of the leading dynamically growing consulting companies in the Kazakhstan market since 2015.

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Baker Tilly is the winner of the 2023 Network of the Year nomination by the International Accounting Forum & Awards.

For more information about opportunities in the Kazakhstan M&A market, contact Baker Tilly's M&A team in Kazakhstan: ma@bakertilly.kz.

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