

## Investment Summary on the Resource-Rich and Business-Friendly Country, The Republic of Kazakhstan

### Executive Summary:

- Forwarding-looking investors have been seeking out next frontiers with sustainable and strong economic growth prospects for investment opportunities as the pace of economic expansion in Brazil, Russia, India and China (BRIC countries) is moderating after an extended period of rapid growth. **We believe that the Republic of Kazakhstan (“Kazakhstan”) represents a unique option for visionary investors** because of its abundance in a wide range of natural resources that have not yet been tapped significantly, the existing excellent business climate, especially in terms of protecting the interest of investors, among others.
- **Investment thesis:** We strongly believe that investors should be paying attention to Kazakhstan, which is located in Central Asia and bordered on the east by China and on the north by Russia, due to its competitive advantages.
  - **Wealth in natural resources:** Kazakhstan holds some of the world’s greatest and virtually untapped reserves of natural resources, including **oil, natural gas, uranium and a variety of metals and minerals**. It has proven reserves of more than 30 billion barrels of oil (more than the U.S.), 2.4 trillion cubic meters of natural gas (exceeding Canada’s), 15% of the global uranium resources, and is the world’s third largest producer of Chromite (the raw material form of Chromium used, for example, as a refractory material).  
  
However, the country needs capital, technology and infrastructure to extract and export these raw materials for economic gains. Therefore, we believe that early investors can capitalize on the potential presented by the anticipated rapid growth in the development of these natural resources, driven by the growing demand worldwide over time.
  - **Excellent business environment:** Kazakhstan is completing its transformation from a Soviet satellite state to a regular member of the capitalist world economy. Recent reports and evaluations by the World Bank and other relevant bodies have given the country high marks for progress towards a strong free market. The government has been introducing business-friendly initiatives, for instance, to make it easier to do business there, promote protection of investors’ investments and streamline tax policies.
  - **Ideal position to capitalize on fast-growing markets:** Kazakhstan is the transit hub in the Central Asian region and serves as a connecting link between China, Europe, Russia and the Commonwealth of Independent States (CIS) (participating members are former Soviet Republics). Hence, due to its favorable geographic position, Kazakhstan is well positioned to export its excessive natural resources to the neighboring developing economies.
- Some background information about Kazakhstan:
  - Kazakhstan declared independence from the Soviet Union on December 16, 1991. In September 2002, it **became the first country in the former Soviet Union to receive an investment-grade credit rating** from a major international rating agency.
  - The country's economy has largely recovered from the global financial crisis of 2008, and its **GDP increased 7.5% year-on-year in 2011** with a **5-year compound annual growth rate (CAGR) of 6.1%**.
  - Kazakhstan has **launched an ambitious diversification program, developing targeted sectors** such as transportation, pharmaceutical, telecommunications, petrochemical and food processing.
- In our view, **Kazakhstan is poised to take full advantage of its plentiful natural resources, advantageous geographical location** and others to promote its own economic growth without the tremendous barriers imposed before its independence about 20 years ago. Moreover, the Kazakhstan government expects the country to join the World Trade Organization by year-end 2012, which should help the country access more export markets.