RATING OF SPECULATIVE ATTRACTIVENESS OF KASE LISTING SHARES: METHODS DESCRIPTION

The basis of the rating is the so called speculative attractiveness indicator (**Ks**), by the value of which shares are sorted in the table in reverse order. Analysts of IRBIS assume that the higher Ks is, the bigger speculative potential the share had on the market in the analyzed period. The indicator has been calculated by the formula:

Ks = Kl * Ky, where:

Kl – share liquidity;
Ky – share yield at market deal prices.

Thus, IRBIS considers that share's liquidity degree on KASE and change of its market price play the key role while determining share's speculative attractiveness. These both factors, judging by Ks formula, have equal weight while making the rating.

<u>**Liquidity indicator**</u> of i share is calculated by the formula:

Kl = 0.5*Kv + Kq + Kp + 0.5*Kd, where:

    Kv – показатель объема сделок = Vi / Vmax, where:
    Vi – volume of market deals in i share in the analyzed period;
    Vmax – the biggest volume of deals, fixed in the analyzed period on any share from the examined list;

    Kq – number of deals = Qi / Qmax, where:
    Qi – number of market deals in i share in the analyzed period;
    Qmax – the highest Qi, fixed in the analyzed period on any share from the examined list;

    Kp – number of brokers = Pi / Pmax, where:
    Pi – number of KASE members, which took part in making deals in i share in the analyzed period;
    Pmax – the highest Pi, fixed in the analyzed period on any share of the examined list;

    Kd – effective days = Di / Dmax, where:
    Di – number of days in the analyzed period, on which deals were made in i share;
    Dmax – the highest Di, fixed in the analyzed period while making deals in any share of the examined list.

Values, shown in the formula of liquidity indicator as multipliers before Kv and Kd (0.5) – indicator weight. Judging by the formula analysts of IRBIS assume that deals volume and number of successful days on domestic market have 2 times less weight while estimating liquidity, than number of deals and number of their participants.

<u>**Yield indicator**</u> of i share is calculated by the formula:

Ky = Yi / Ymax, shere:

Yi – yield of i share on deals as % APR, calculated by the formula:

    Yi = (Re - Rb) / Rb / 90 * 365, where
    Re – share cost on market deals at the end of the analyzed period, KZT per share;
    Rb – share cost on market deals at the beginning of the analyzed period, KZT per share;
    90 – actual number of days in the analyzed period;
    365 – yield basis;

Ymax – the highest Yi, fixed in the analyzed period on any share of the examined list.

Share cost on market deals, used for calculating the above-mentioned Yi (sixth column of rating table), was calculated in the following way. Each share cost at the beginning of the analyzed was determined as weighted average price of this share, calculated on deals of the last day successful for this share, which preceded to the date of the analyzed period beginning. Shares cost at the end of the period was calculated in similar way and the difference was the fact that data on deals of the last day successful for this share, preceding to the date of the analyzed period end, was considered. In other words, weighted average shares prices, which were relevant at the beginning and the end of the

analyzed period, were considered. Successful day for share means a trading day, during which at lest one market deal in this share was made on KASE. Estimation of each share, made by such the method, was made only when successful days were close to the end and the beginning of the analyzed period. Shares, not meeting this requirement, were not considered in the rating.

Specialists of IRBIS note that change of prices, received in the way described above (Yi), is given **as percentage per annum** using **actual/365** basis.

The rating table contains shares yields, calculated by change of **shares costs on purchase quotations**, as a reference information, which was not considered in making the rating. This indicator is calculated in the way Yi is calculated, and the difference is the fact that values taken by specialists of IRBIS from KASE's market estimation, as the price parameters (Re и Rb). KASE generates these files daily in compliance with exchange's internal document "Methods of securities estimation". The methods are available at http://www.kase.kz/geninfo/normbase/met_ocen_zb.pdf. Specialists of IRBIS assume such the estimation of shares yields is most conservative.

Volume of market deals in shares and number of such the deals are also shown in the rating table as reference information.

IRBIS notes that **exchange's share deals, made by nego deals method, were not considered** in any calculations, concerned with the rating.