



Contents

<i>1. Asset Management Industry. General Overview</i>	<i>2</i>
<i>2. NPFs Asset Management Market Results</i>	<i>3</i>



1. Asset Management Industry. General Overview

Number of market participants

Asset Management Companies (AMC)

In the 1-st quarter of 2019, the number of **asset management companies** increased by two, to **298**, due to the newly established companies in Kyiv in January-March.

Of all operating AMCs, as at the end of March, 283 companies managed from one to 34 funds, and almost 99% of all such AMCs managed at least one venture fund.

Collective Investment Institutions (CII)

In January-March of 2019, **19 new CIIs** were registered. Taking into account the funds closed during the 1-st quarter, as at March 31, 2019, the **number of operating registered CII**, according to the UAIB, increased to **1,794** (+0.6% for Q1 2019).

The number of **CII that have reached the norms for minimum asset value (formed ones)** steadily increased and by the end of March of 2019 reached **1,237** (+9 funds, or +0.7% for the first quarter of 2019).

Non-State Pension Funds (NPFs)

The **number of NPFs under management** as at 31.03.2019 remained at the level of **58** (excluding the NBU corporate fund), including 45 open, 7 corporate and 6 professional funds. Totally 34 AMCs managed NPFs' assets.

Insurance Companies (IC)

The **number of ICs that transferred their assets under AMC management** as well as the number of AMCs that provided such services remained unchanged during January-March of 2019 – there were **2** of such insurance companies, and AMC was the only one as at 31.03.2019.

Assets under Management and NAV

All Institutional Investors

The aggregated assets under AMC management increased by 6.9% for the first quarter of 2019 and as at 31.03.2019 amounted to **UAH 336,435.1 M**. On an annual basis, since March of 2018, they have increased by 21.5%.

Collective Investment Institutions (CII)

The total assets of CII under management, including those that have not yet reached the norms for minimum asset value, grew by 6.9% in Q1 2019 and by 21.6% for the year to **UAH 334,882.4 M**.

Assets of operating CII that have reached the norms for minimum asset value ("recognized" CII) grew for the first quarter of 2019 by 7.0%, and for the last twelve months - by 15.7% and as at 31.03.2019 amounted to **UAH 317,437.5 M**. The growth of CII assets was mainly due to the further increase of the number of funds and expanding of their project activities (at the expense of venture CII), while stock market's growth was weak and sectors of CII with public placement did not change quantitatively.

Value of net assets of formed CII ("recognized" ones) in January-March of 2019 accelerated growth to 4.6% for the first quarter and to 12.1% in annual terms. As at 31.03.2019, it reached **UAH 246,749.5 M**.

Non-State Pension Funds (NPFs)

Assets of NPF under AMC management in the 1-st quarter of 2019 also accelerated quarterly and annual growth - up to 4.4% and 17.1%, respectively. As at 31.03.2019 they reached **UAH 1,424.7 M**.

Insurance Companies (IC)

Assets of IC under AMC management for the first quarter of 2019 increased by 12.0%, and thus reduced the annual decline to -15.9%. As at 31.03.2019, these assets amounted to **UAH 89.6 M**.

2. NPFs Asset Management Market Results

The upward dynamics of non-state pension funds' assets¹ under AMC management, according to the UAIB, remained in the first quarter of 2019. The number of AMCs that managed assets of NPF, as well as the number of funds themselves, as at 31.03.2019 has not changed: 32 AMCs managed the assets of 45 open NPFs, 6 - assets of 7

corporate NPFs and 6 - assets of 6 professional NPFs (total **58 NPF and 34 AMC**, excluding the NBU corporate fund, Table 1). Accordingly, open NPFs retained their market share by the number of funds under management, excluding the NBU CNPF: 77.6% (Chart 2).

Table 1. Number of NPFs under AMC management by fund types in Q1 2019

NPF type	31.03.2018	31.12.2018	31.03.2019	Q1 2019 change	Annual change
Open	46	45	45	0.0%	-2.2%
Corporate	6	7	7	0.0%	16.7%
Professional	6	6	6	0.0%	0.0%
Total	58	58	58	0.0%	0.0%

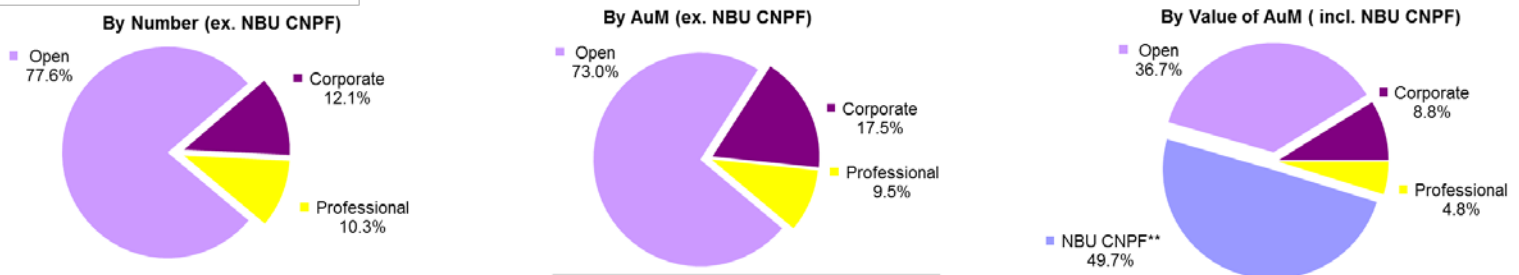


Chart 2. Distribution of number of NPFs and of value of their assets under AMC management by fund types as at 31.03.2019

Total assets of all NPFs, including the NBU CNPF, for the first quarter of 2019 increased by 3.1% to UAH 2,829.8 M. (after +3.5% in Q4 2018, Table 2). This happened due to an increase of the number of NPFs' participants by 0.4% for the quarter and of the amount of investment income - by 5.6%². The number of pension contracts also increased - by 2.3%. Ascending dynamics of pension assets was restrained, as before, by the growth of pension payments in comparison with contributions (+4.0% versus +1.8%).

Almost 50% of the aggregated amount of pension assets were in the NBU's CNPF (Chart 2), despite the fact that in the first quarter of 2019, as opposed to October-December of 2018, it grew at a slower pace than each of the NPFs' sectors under AMC management (+1.7%).

Value of NPF assets under AMC management in the 1-st quarter of 2019 accelerated growth to 4.4% (from +2.6% in Q4 2018). As at 31.03.2019, retirement assets under AMC management reached **UAH 1,424.7 M.** Annual growth accelerated from 14.3% in December of 2018 to 17.1% in March of 2019. Assets of **open NPFs** in the 1-st quarter of

2019 again showed the largest quarterly growth among sectors by types of pension funds under AMC management - by 4.9% (after +3.2%). Thus, at the end of March 2019, their market share by pension assets under management (excluding the NBU CNPF) increased from 72.7% to 73.0%. As at 31.03.2019 assets of these NPF for the first time exceeded the mark of UAH 1 bln. and reached **UAH 1,093.8 M.**

Assets of **corporate** NPFs under management (excluding the NBU CNPF) for this quarter increased by 4.1% (after +0.9%) and in March amounted to **UAH 249.6 M.**

Assets of **professional** pension funds under management in the first quarter of 2019 rose the lowest - by 1.9%, but virtually maintained the pace of the previous quarter (+2.0%). Their volume as at March 31, 2019 amounted to **UAH 135.3 M.**

Corporate NPFs remained the largest ones by average volume of assets under management in March of 2019, their conditional average fund grew to UAH 41.6 M. Meanwhile, open NPFs reduced the backlog (UAH 23.6M. of assets under management), while professional NPF remained on average the smallest ones (UAH 22.6 M).

¹ Excluding the NBU corporate pension fund.

² According to the National Financial Services Commission.

Table 2. Value of NPF assets under AMC management by fund types in Q1 2019 and its change for the year

NPF type	31.03.2018		31.12.2018		31.03.2019		Change of NPF AuM for Q1 2019,%	Annual change, %	Annual change, UAH M
	Assets, UAH M	Number of NPFs reported	Assets, UAH M	Number of NPFs reported	Assets, UAH M	Number of NPFs reported			
Open	882.8	45	991.5	44	1 039.8	44	4.9%	17.8%	157.0
Corporate	216.4	6	239.9	6	249.6	6	4.1%	15.3%	33.2
Professional	117.4	6	132.7	6	135.3	6	1.9%	15.3%	18.0
Total*	1 216.6	57	1 364.1	56	1 424.7	56	4.4%	17.1%	208.2
NBU CNPF**	1 268.6	1	1 381.1	1	1 405.1	1	1.7%	10.8%	136.4
Total	2 485.2	58	2 745.2	57	2 829.8	57	3.1%	13.9%	344.6

In the **structure of NPF assets under AMC management**, the share of **securities** in the 1-st quarter of 2019 continued to grow, from 57.5% to **59.1%**, which was also more than a year ago (55.7%, Chart 3).

This increase of the weight of financial instruments was caused by 1.5-2 times faster growth of assets in them (primarily due to the dynamics of these

assets in open funds) compared to other types of investments and, accordingly, with NPF assets under management as a whole. Thus, **assets on bank accounts (including deposit accounts)** increased by only 1.6%. Thus, the share of money in the assets of all NPFs under management decreased from 38.5% in early 2019 to **37.5%** in March.

Table 3. Structure of NPF assets under AMC management by fund types as at 31.03.2019, UAH M

NPF type	Securities	Cash	Bank metals	Real estate	Other assets
Open	611.4	390.3	3.7	24.7	9.7
Corporate	137.6	112.0	0.0	0.0	0.0
Professional	93.1	31.4	0.0	7.1	3.8
Total	842.1	533.7	3.7	31.7	13.5

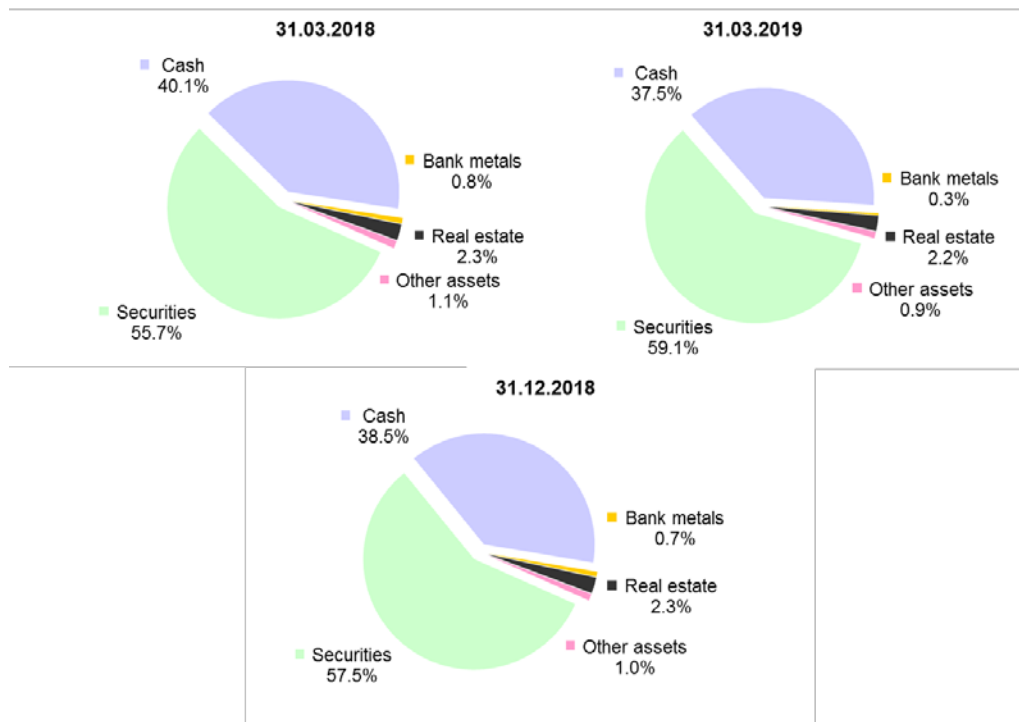


Chart 3. Dynamics of the structure of the aggregated portfolio of NPFs (excluding the NBU CNPF) in Q1 2019 and for the year

For the whole NPF industry, taking into account the corporate fund of the NBU, the weight of **securities** from the beginning of 2019 to the end of March increased from 58.6% to **59.1%**, which also was

more than a year ago (Chart 4). This was due to an increase of the stock NPFs' assets by 4.0% against the background of a decrease of their total cash in banks by 0.3%.

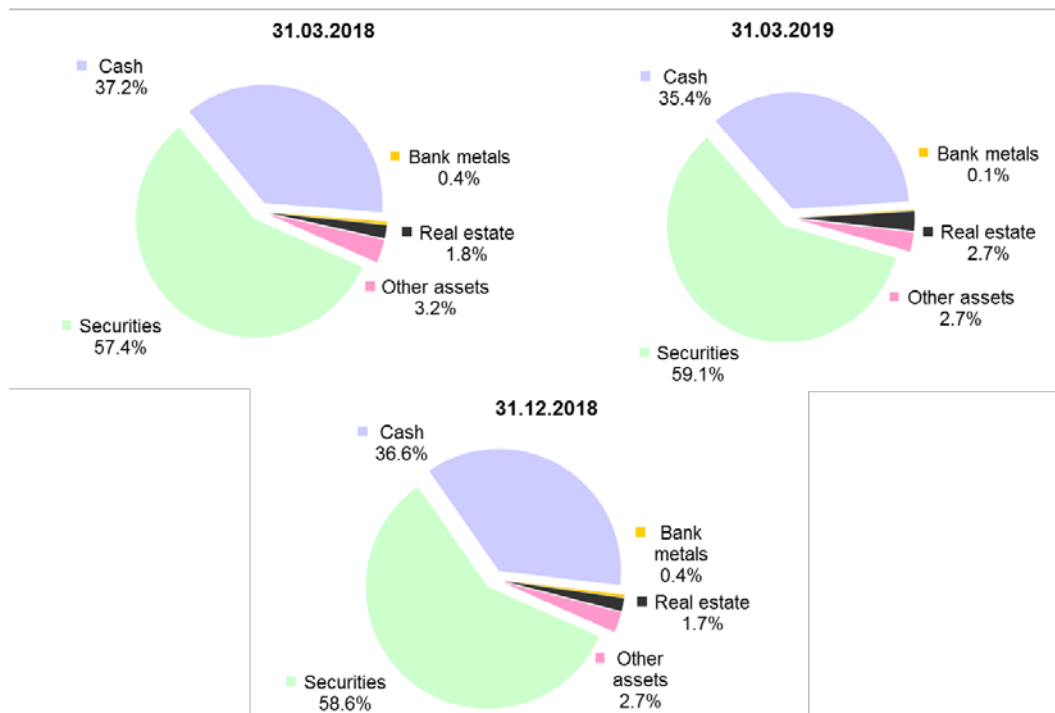


Chart 4. Dynamics of the structure of the aggregated portfolio of NPFs (including the NBU CNPF) in Q1 2019 and for the year

Almost 80% of growth of NPFs' assets under management (excluding the NBU CNPF) in **securities** in the 1-st quarter of 2019 were provided by *open* funds, where the aggregate value of securities increased by 8.2% during this time (after +8.5% in Q4 2018). The total value of investments of these funds in equities and corporate bonds increased the most (+12% for each). Against the background of much more moderate growth of other components of pension assets in this sector of NPFs, the share of securities in them increased over the quarter from 57.0% to 58.8%.

In *corporate* NPF assets in stock market instruments grew by 6.3% (after a decrease by 7.1% in the fourth quarter of 2018). Volume of investments in state bonds (OVDP) grew the most - by 7.0%, despite the fact that they were the largest component of this sector's assets. So, their share grew further (from 49.4% in early 2019 to 50.8% in March). Volume of investments in corporate bonds declined somewhat, that, in conditions of growth of investments in OVDP, as well as of assets of these NPFs on accounts in banks, reduced the share of the first ones from 4.5% to 4.3%. In total, the value of

securities in this sector increased in the first quarter from 53.9% to 55.1%.

Professional funds retained the largest among NPF sectors share of securities in their assets, which at the end of March of 2019 reached 68.8% (after 67.4% at the beginning of the year, Chart 5), virtually returning to the level of September of 2018. The growth of these assets in the sector in the 1-st quarter of 2019 was relatively the smallest one (+4.0%, after a decrease by 7.1% and 0.2% in Q4 2018), partly due to a 8.2% decrease of investments in corporate bonds. However, it was namely it that provided the growth of the total assets of professional NPFs by 1.9%. These funds' investments in state bonds increased the most (+10.6%), their weight in pension assets of the sector grew from 39.2% to 42.5% for the quarter.

Cash in banks in assets of all sectors of NPFs under management in March of 2019 remained the second largest component, although they lost weight in each sector due to the more positive dynamics of investment in securities. Volume of assets increased for the first quarter in *open and corporate NPFs* (+2.1% and +1.4%, respectively), but their weight dropped from 38.6% to

37.5% in the first ones and from 46.1% to 44.9% in the latter funds.

In professional NPFs, the share of cash in assets decreased from 24.4% to 23.2% in the first quarter of 2019 against the background of its reduction by 3.2%.

As at the end of March of 2019, **real estate** remained in assets of only *open and professional* NPFs, and due to its unchangeable aggregated value in each of these sectors, against the background of growth of other

constituent assets, its weight in assets of these NPFs decreased for the 1- st quarter, respectively, from 2.5% to 2.4% and from 5.3% to 5.2%.

At the end of March of 2019, **bank metals** remained only in the assets of *open* NPFs under management, but their volume in the 1-st quarter decreased by almost 3 times, and the share in total assets of the sector decreased from 1.0% to 0.4%.

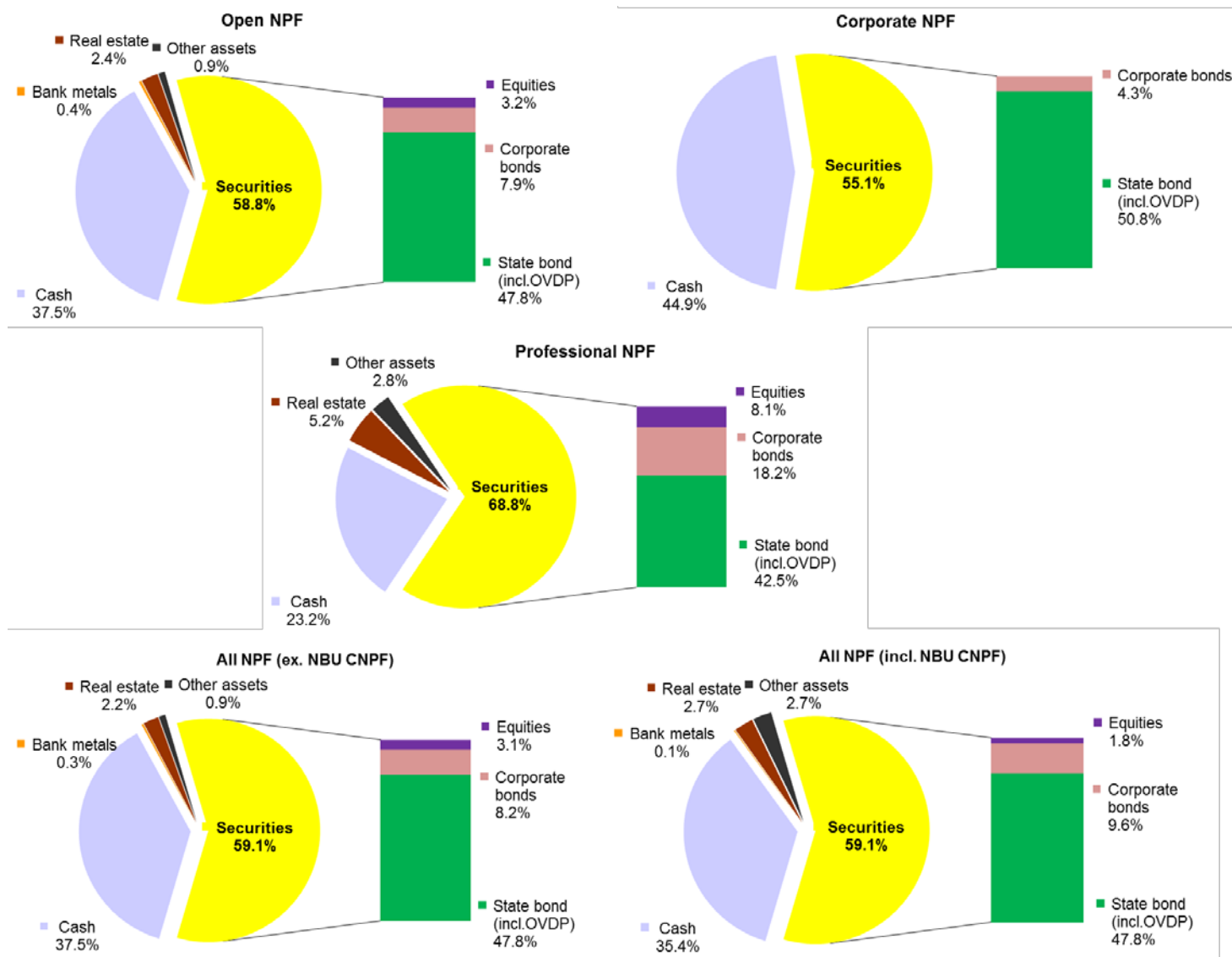


Chart 5. Structure of NPF assets by fund types as at 31.03.2019

See additional and statistical information on the UAIB website:

- [The Ukrainian Fund Market in Figures](#)
- [Daily Fund Data](#)



- Analytical Statistics and Reviews of Publicly Offered Investment Funds: *Weekly; Monthly*
- Quarterly & Annual Asset Management Industry Reviews
- Ranking: *AMC Rankings; CII Rankings* (by fund types and by fund classes)

For more information about UAIB please visit UAIB website.