

## Performance of the Non-State Pension Funds, Nine Months of 2007

Unlike in the developed countries of the world, in Ukraine the non-state pension provision market significantly lags behind the market of investment funds' services. The key reason behind that is an absence of government support to the development of the third pension system pillar and delays in the launch of its second pillar that would give an impetus to the NSPF (the non-state pension funds) activities' development.

The domestic non-state pension provision market's readiness for an active work with pension contributions is confirmed by creation of a relevant market infrastructure, elaboration of the mechanism of interaction among the key NSPF system participants etc.

As of 30 September 2007, 91 NSPF were registered in Ukraine, and 81 of them made contracts for pension fund assets' management with AMC (Table 1).

*Table 1*

*NSPF structure by types, as of 30 September 2007*

NSPF type	Registered NSPF		Contracts made with AMC	
	Number	Share	Number	Share
Open-end	72	79,12%	64	79,01%
Corporate	12	13,19%	10	12,35%
Professional	7	7,69%	7	8,64%
Total	91	100,00%	81	100,00%

As of the beginning of October 2007, 46 AMC made contracts for asset management.

As other countries' experience confirms, such number of participants is sufficient to ensure efficient management of the billions of pension moneys, which could be brought to the market as soon as the second pillar of the pension system gets launched.

However, the amount of NSPF assets managed by AMC is considerably less significant: as of the third quarter of 2007 end, NSPF assets in AMC management amounted to UAH 213,4 M.

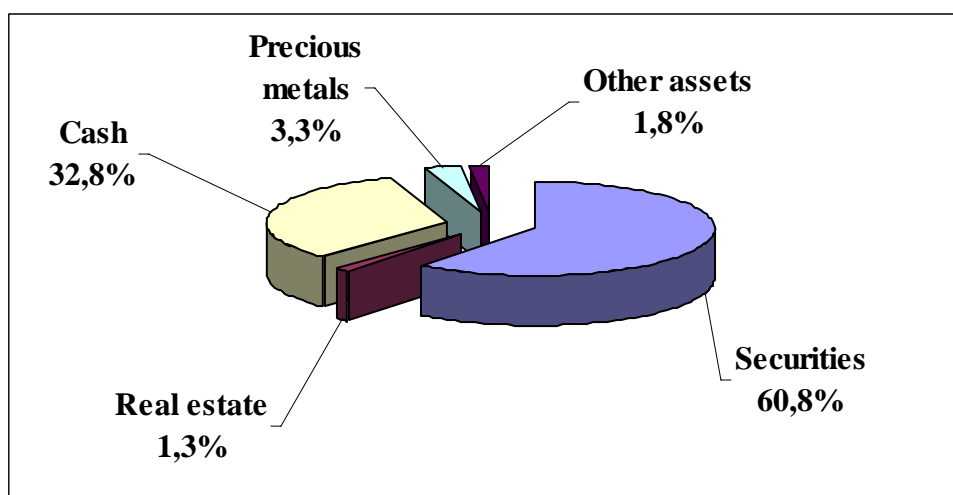
Most of assets were accumulated by open-end funds – over UAH118 M or 55,5% of the total value of NSPF assets (Table 2).

*Table 2*

*NSPF asset structure by the types of funds, as of 30 September 2007*

NSPF type	Assets, UAH	Share
Open-end	118 358 699,81	55,47%
Corporate	53 723 130,41	25,18%
Professional	41 287 955,07	19,35%
Total	213 369 785,29	100,00%

Just as in case of CII, the assets of NSPF are mainly placed in securities (Chart 1 and Table 3).



*Chart 1. NSPF asset structure by the areas of placement, as of 30 September 2007*

*Table 3*

*NSPF structure by the areas of placement, as of 30 September 2007*

Types of NSPF	Securities	Real estate	Cash	Precious metals	Other assets
Professional	39 012 617,68	-	2 273 505,04	-	1 832,35
Corporate	32 556 660,78	-	17 406 311,66	1 577 429,26	2 182 728,71
Open-end	53 485 479,07	2 613 000,43	47 886 793,44	5 261 809,44	1 458 422,47
Total	125 054 757,53	2 613 000,43	67 566 610,14	6 839 238,70	3 642 983,53

Positive experience of the population acquired in the area of investments into investment funds will promote non-government pension schemes' development and practice, as well the trust in long-term investments into non-state pension funds.