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1. Asset Management Industry. General Overview

Number of Market Participants

Asset Management Companies (AMCs)

In Q4 2020, the total number of asset management companies increased by three and amounted to 303, i.e., ten more than at the beginning of the year.

During January-December, 16 new AMCs were created, including 5 in the last quarter.

279 AMCs managed from one to the 61st fund, and almost 99% of such AMCs managed at least one venture CII.

Collective Investment Institutions (CII)

In Q4 2020, 65 new CII were registered, and for the whole year - 221, ie 71% more than in 2019.

The number of CII that reached the minimum assets (formed) ratio grew for the 13th consecutive quarter and at the end of 2020 amounted to 1,478 (+ 2.4% for Q4 and + 11.5% for the whole year).

Non-State Pension Funds (NPFs)

The number of NPFs in management as of December 31, 2020 remained at the level of 59 (excluding the NBU corporate fund), including 47 open, 6 corporate and 6 professional. A total of 34 AMCs managed NPF assets.

Insurance Companies (IC)

The number of insurance companies that transferred their assets to AMC management and the number of AMCs that provided such services did not change during 2020: as of December 31, 2020, one such company managed the assets of two insurance companies.

Assets under Management and NAV

All Institutional Investors

Total assets under AMC management grew by 6.1% in Q4 and as of December 31, 2020 reached UAH 424,723 million. Thus, for the whole of 2020, they increased by 19.6%.

Collective Investment Institutions (CII)

In Q4 2020, the total assets of all CII under management, including those that have not yet reached the standard, also grew by 6.1% and 19.6% for the whole year, to UAH 422,594 million.

As of December 31, 2020, the assets of current CII, which reached the standard of the minimum amount of assets (formed), amounted to UAH 414,193 million. In Q4 2020, they grew by 5.0%, and for the whole year - by 22.1%.

At the same time, the assets of the largest sector - venture funds - in 2020 increased by 23%. However, the largest relative increase this year was in open-ended CII: + 43%.

The total net capital movement in open-ended CII in Q4 2020 was positive for the fourth time in a row and amounted to UAH 3.9 million. The annual net inflow into the sector was the largest since 2010 in 2020: +UAH 18.0 million.

The value of net assets of all formed CII as of 31.12.2020 reached UAH 322,029 million. In Q4, it grew by 4.0%, and for the whole of 2020 - by 23.3%.

Non-State Pension Funds (NPFs)

NPF assets managed by AMC in Q4 2020 slowed down to 0.6% and accelerated to 20.0% for the whole year. As of December 31, 2020, they reached UAH 1,924 million.

Insurance Companies (IC)

The assets of the IC under the management of AMC increased by 5.4% in Q4, and for the whole of 2020 - by 76.6%. As of December 31, 2020, these assets amounted to UAH 171 million.

2. NPFs Asset Management Market Results

2.1. Number of NPFs and AMCs managing their assets

The market for asset management of private pension funds in 2020 in general and in Q4 in particular continued to grow, although this was only in value terms. Instead, the number of participants in this market has hardly changed: according to UAIB on 31.12.2020, as before, there were 34 companies that managed the assets of NPFs, of which 32 AMCs continued to manage the assets of 47 open NPFs, 5

AMCs - assets of 6 corporate NPFs, 6 AMCs - assets of 6 professional NPFs. There were a total of 59 pension funds under management¹ (Table 1).

Thus, open NPFs retained almost 80% of the total number of pension funds under management at the end of 2020 (Chart 1).

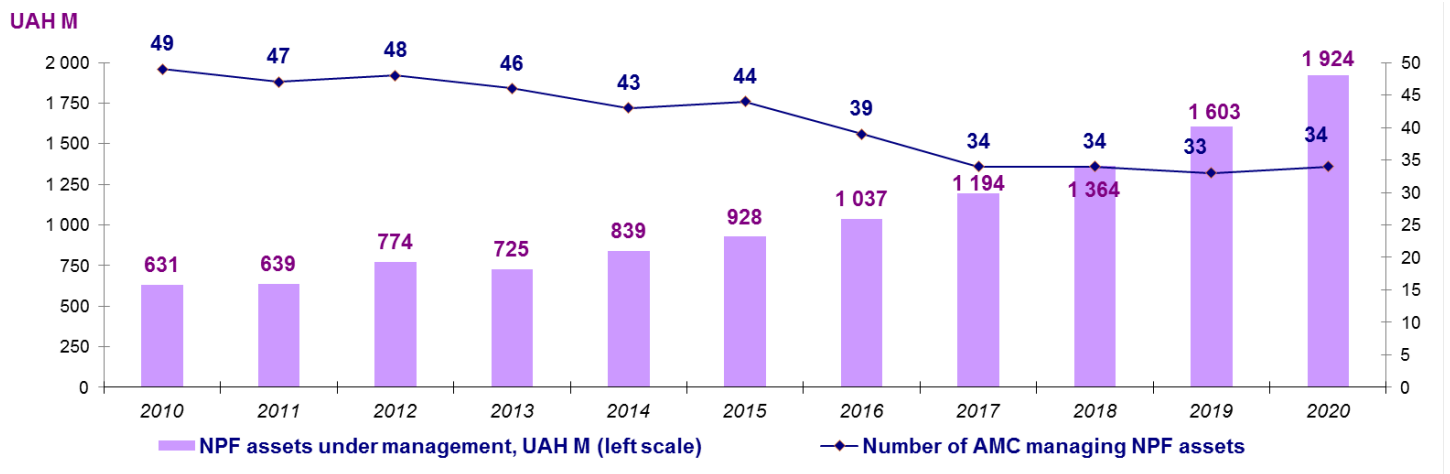


Chart 1. Dynamics of the number of NPFs and of their AuM in 2010-2020

Table 1. Number of NPFs under AMC management by fund types in Q4 2020 over the year

NPF Type	31.12.2019**	30.09.2020	31.12.2020	Q4 2020 change	2020 change
Open	46	48	47	-2.1%	2.2%
Corporate	6	6	6	0.0%	0.0%
Professional	6	6	6	0.0%	0.0%
Total	58	60	59	-1.7%	1.7%

* Excluding NBU ** Data include those AMCs that submitted the relevant annual report for 2020 at the time of preparation of these statistics.

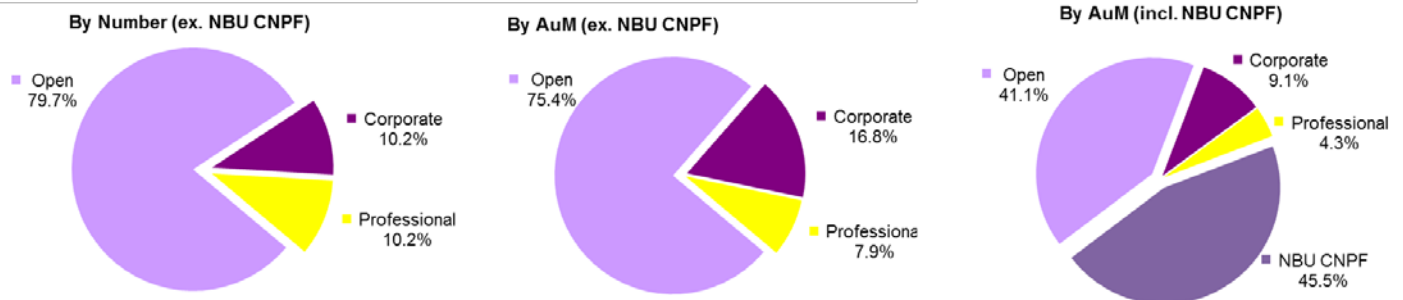


Chart 2. Breakdown of the NPFs number and of their assets under management, by fund types, as at 31.12.2020

¹ Excluding the NBU corporate pension fund.

2.2. NPF assets under AMC management and total assets of pension funds

Assets of non-state pension funds managed by AMC in 2020, according to UAIB, continued to accelerate growth and reached UAH 1,924 million.

In 2020, they increased by 20.0% (after + 17.5% in 2019), and in the last 10 years - more than three times, with a decrease in AMCs managing pension assets by almost a third during this time (Chart 2).

The total assets of all NPFs, including the NBU NPF, according to UAIB and the corporate fund of the National Bank, for the whole of 2020 increased by 12.3% (after + 14.5% in 2019), to UAH 3,530 million. During Q4, they grew by 0.6% (after + 4.0% in Q3). This was facilitated by a further increase in the number of NPF participants by 0.3% in Q4 and by 1.0% for the whole of 2020, and by 3.8% and 2.2% of depositors, respectively (after + 28.4% in

2019). In addition, the accumulated amount of investment income of NPFs grew in October-December by 3.0%, and for the whole of 2020 - by 19.8% (after + 24.5% in 2019). This helped to limit the negative impact on the volume of NPF assets from the advanced rates of payments from funds compared to the rates of contributions to them: pension payments increased by 3.5% in Q4 and by 16.9% for the whole of 2020, and contributions - by 2.5% and 10.0 % respectively. However, contributions for 2020 still exceeded payments by 36%.²

In the total assets of pension funds, the share of NBU CPFs decreased in 2020 from 49.0% to 45.5% (Chart 2), as it grew by only 4.3% over the year, although in Q4 it grew slightly faster than other NPFs. as a whole (+ 0.7%).

Table 2. Value of NPF assets under AMC management by fund types in Q4 2020 and its change over the year

NPF Type	31.12.2019		30.09.2020		31.12.2020		Change of NPF assets managed in Q4 2020,%	2020 change,%	2020 change, UAH M	The average value of fund as at 31.12.2020, UAH M
	Assets, UAH M	Number of NPFs reported	Assets, UAH M	Number of NPFs reported	Assets, UAH M	Number of NPFs reported				
Open	1 180.4	45	1 441.4	48	1 450.1	46	0.6%	22.8%	269.6	31.5
Corporate	281.4	4	321.9	4	322.6	3	0.2%	14.7%	41.3	107.5
Professional	141.4	6	149.9	6	151.5	6	1.0%	7.2%	10.1	25.2
Total*	1 603.2	55	1 913.2	58	1 924.2	55	0.6%	20.0%	321.0	35.0
NBU CNPF	1 540.1	1	1 595.0	1	1 605.8	1	0.7%	4.3%	65.6	-
Total**	3 143.3	56	3 508.2	59	3 529.9	56	0.6%	12.3%	386.6	63.0

* Excluding NBU. Data include those AMCs that submitted the relevant annual report for 2020 at the time of preparation of these statistics.

** As at 31.12.2019 - according to the National Financial Services Commission of Ukraine, starting from 30.09.2020 - data of AMC reports on NPF under management and data of CNPF NBU.

The value of NPF assets managed by AMC in Q4 2020 increased by 0.6% (after + 5.9% in Q3) and as of December 31, 2020 amounted to UAH 1,924 million. The share of open NPFs in the value of assets under management, excluding the NBU CNPF, was over 75% (at the beginning of the year – 73.6%).

In Q4 2020, the assets of professional pension funds under management grew relatively the most (+ 1.0%), although for the whole year their growth was the smallest among NPF sectors by type of funds - by 7.2% (after + 6.5% in 2019). The volume of these funds at the end of December amounted to UAH 151 million.

At the same time, the number of funds reported in this sector was stable during the year, while in other sectors it decreased slightly.

Open NPFs were the second in terms of quarterly growth of assets under management and the first in terms of annual growth: in October-December they grew by 0.6%, and for the whole of 2020 - by 22.8% (after + 19.0% in 2019). At the end of December, their assets under management reached UAH 1,450 million.

Corporate NPFs managed by AMC (excluding the NBU CPF) grew by 0.2% in Q4 and by 14.7% for the whole of 2020 (after + 17.3% in 2019). As of December 31, 2020, they reached UAH 323 million.

As of December 31, 2020, corporate NPFs remained the largest in terms of average assets under management, with the conditional average fund among them being three times larger than the average for all NPFs as a whole: UAH 107.5 million against UAH 35.0 million. There were three active funds of this type at the end of 2020, for which

² According to the NSSMC.

reports were received (four at the beginning of the year). At the same time, only three of the six funds under management had assets equal to or close to zero throughout the year.

Open NPFs, the number of reports of which in 2020 was two less than in Q3 and among which there were two

more funds with zero assets, at the end of the year had an average of UAH 31.5 million.

Professionals remained the smallest: with the same number during 2020, the average such fund increased over the year from UAH 23.6 million to UAH 25.2 million.

2.3. The structure of NPF assets under management

In the structure of NPF assets under AMC management, the share of securities in Q4 and in general in 2020 increased: from 55.4% in early January and 59.2% in September to 62.2% in December (Chart 3). This was due to the fact that the total value of pension funds' investments in capital market instruments increased by 5.6% this quarter, which is much more than the increase in the assets of the funds as a whole. Positive quarterly dynamics of these assets was observed in the sectors of open and professional pension funds. Over the year, the volume of investments in stock instruments of all NPFs

under AMC management as a whole increased by 34.8%, and it grew in each NPF sector.

In October-December 2020, cash on bank accounts (including deposits) of NPFs managed by AMC decreased by a total of 7.0%, and as a whole grew by 1.0% over the year, although in corporate funds they increased in the quarter and in open funds. in a year. Finally, the share of money in NPF assets under AMC management as a whole decreased from 41.3% at the beginning of the year and 37.8% in September to 34.8% in December.

Table 3. Structure of NPF assets under AMC management by fund types as at 31.12.2020, UAH M

NPF Type	Securities	Cash & Bank deposits	Bank metals	Real estate	Other assets
Open	883.4	518.9	11.0	25.3	11.5
Corporate	205.6	117.1	0.0	0.0	0.0
Professional	107.2	33.5	0.0	7.0	3.7
Total	1 196.2	669.5	11.0	32.3	15.2

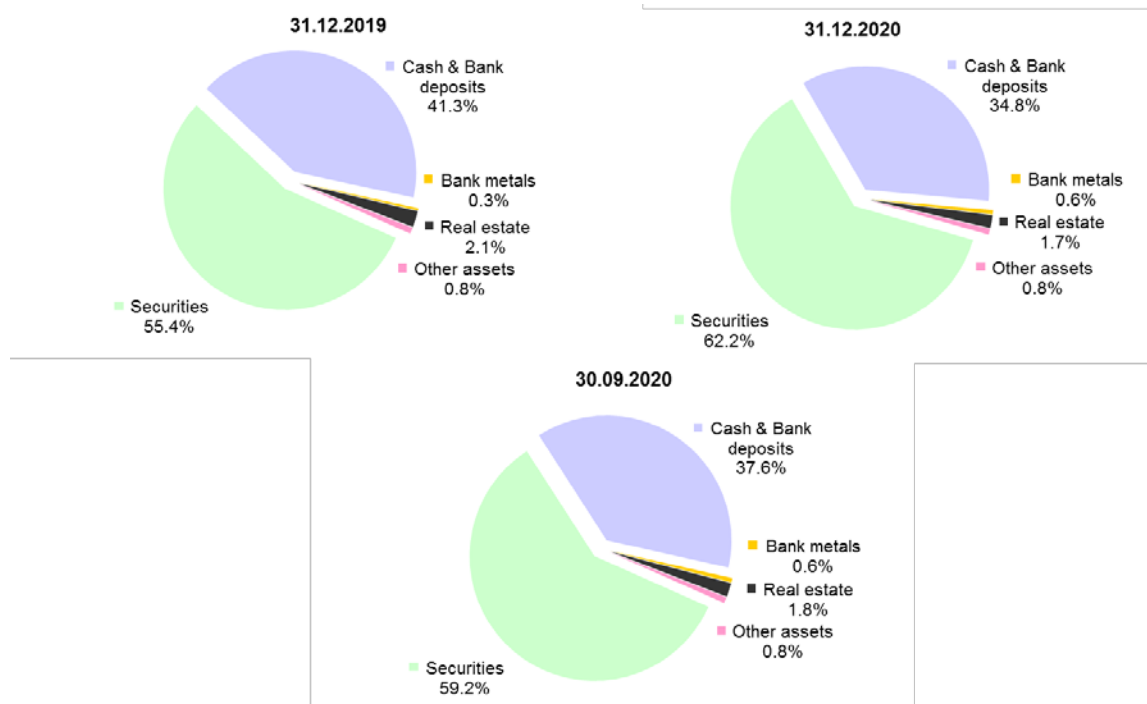


Chart 3. Dynamics of the structure of the aggregated portfolio of NPFs (excluding the NBU CNPF) in Q4 2020 and over the year

For the entire NPF industry, taking into account the NBU's corporate fund, the weight of securities also increased in Q4 and for the whole of 2020: from 55.3% in early January and 56.7% in September to 58.1% in December (Chart 4). At the same time, the volume of stock assets increased by 3.0% in the 4th quarter and by 18.0% over the year, while total assets in banks decreased by 2.8% and grew by 12.4%, respectively. Other components of assets either hardly changed in total value in this quarter and for the whole of 2020 (real estate), or were insignificant in volume (bank metals, "other" assets), so their dynamics had little effect on changes in asset structure.

By NPF sectors, the portfolio of securities in the assets of open funds in Q4 2020 increased in value by 7.0% (after + 7.7% in Q3), and for the whole year - by 36.0%. In October-December this was due to an increase in investments in government and municipal bonds (+ 10.1%

and + 2.0%, respectively), while investments in corporate securities decreased: in shares - by 15.2%, in bonds - by 0.6%. The portfolio of government bonds (in particular, for OVDPs) in the assets of open NPFs increased to over UAH 677 million, and local councils lent funds in the amount of UAH 71 million as of December 31, 2020.

The further increase in the popularity of government bonds as the main tool for preserving and increasing the funds of pension funds - as well as other institutional investors in AMC management - in 2020 was a continuation of the trend of previous years. This was due, in particular, to the turbulence in the stock market and in the economy against the background of the corona crisis, which led to higher rates on government borrowing since the spring. Thus, the yield-risk ratio for OVDPs, especially given the lack of income tax on them, in contrast to corporate securities and deposits, was in favor of the former in this period.

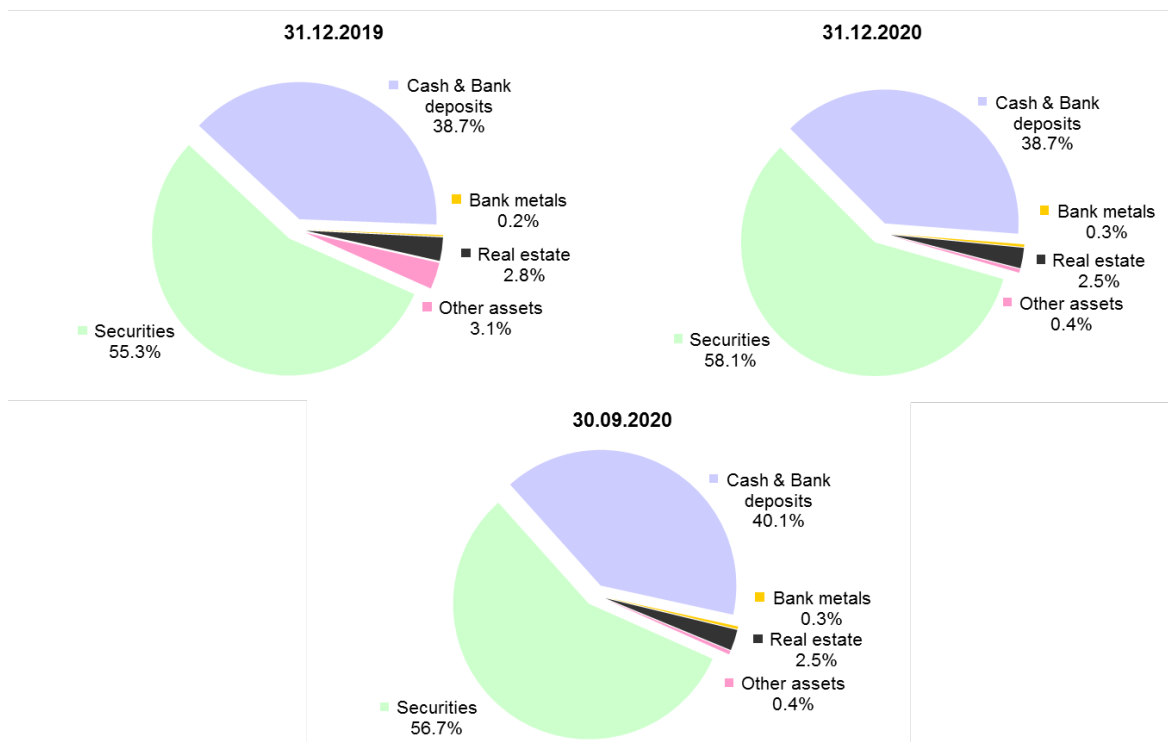


Chart 4. Dynamics of the structure of the aggregated portfolio of NPFs (including the NBU CNPF) in Q4 2020 and over the year

In general, the share of all securities in the assets of open NPFs increased from 55.0% at the beginning of 2020 and 57.3% in September to 60.9% in December (Chart 5).

In Q4, the consolidated stock portfolio of professional NPFs grew by 5.3% (and by 13.7% for the year), with the total value of investments in all available instruments increasing, and the largest value in corporate

bonds: + 7.4% (after -0.2% in Q3). The stock portfolio, which fell by almost a third in the previous three months, grew by 5.6% in October-December. And the largest component of the assets of this sector of NPFs - investments in OVDPs - had the third largest increase in Q4: + 4.7% (after + 1.1% in Q3). Finally, the weight of government bonds rose from 46.2% in September to

47.8% in December, of corporate bonds from 15.6% to 16.5%, and of all securities in professional funds from 67.9% to 70.8%.

Corporate NPFs were the only sector where the stock portfolio decreased in October-December 2020, albeit insignificantly: -0.1% (after + 9.4% in Q3). The total value of OVDPs and municipal bonds decreased slightly here, while corporate bonds increased by 0.1%. At the same time, the share of government liabilities in the sector

in Q4 remained virtually unchanged: they covered exactly half of its assets. In general, the securities portfolio grew by 42.9% and at the end of 2020 it weighed 63.7% in the assets of corporate pension funds (after 63.9% in September and 51.1% at the beginning of the year).

Cash, in particular deposits, in banks during 2020 remained the second largest component of all sectors of NPFs in management.

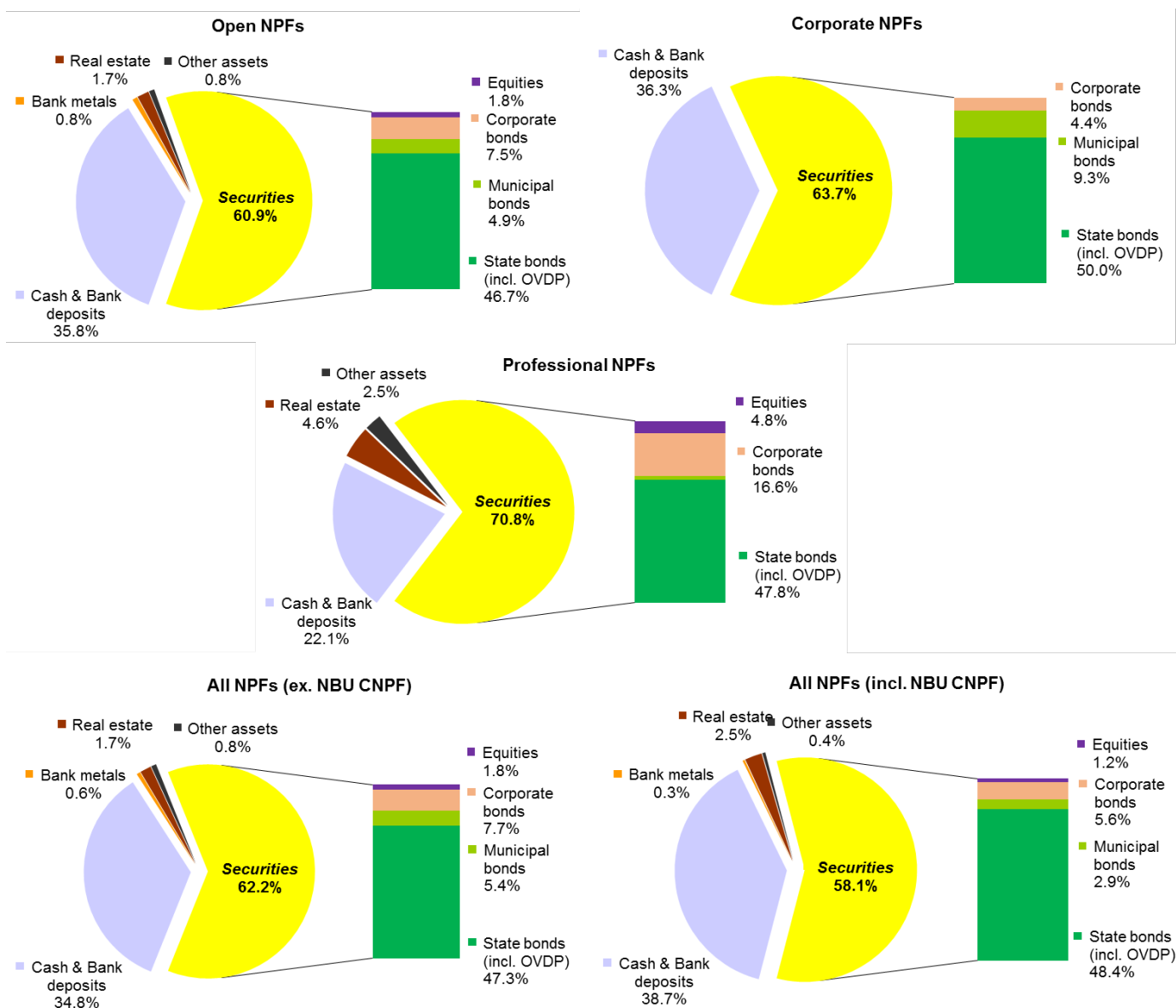


Chart 5. Structure of NPF assets by fund types as at 31.12.2020

By NPF sectors, in October-December cash, current accounts and deposits in open funds decreased by 8.4% (for the whole of 2020 - by 6.1%). Thus, in December

they accounted for 35.8% of the sector's assets, after 39.3% in September and 41.4% at the beginning of 2020.

The amount of money in corporate NPFs increased by 0.8% in Q4, but decreased by 14.8% in the whole of 2020. The weight of cash and deposits in these funds, respectively, fell from 48.9% at the beginning of the year - but rose slightly from 36.1% in September to 36.3% in December.

In professional NPFs, the volume of funds in banks both in Q4 and for the whole of 2020 decreased by 10.3% and 7.4%, respectively. Finally, the share of money in the assets of this sector decreased from 25.6% of its pension assets at the beginning of the year and 24.9% in September to 22.1% in December.

Real estate during 2020, as before, had in assets only open and professional NPFs. Its total value changed again only in the assets of the former: -7.8% for Q4 and -

7.4% for the year (after + 10.7% in 2019). Accordingly, the share of real estate in open funds decreased from 2.3% at the beginning of the year and 1.9% in September to 1.7% in December; for professionals - from 5.3% and 4.7% to 4.6%, respectively.

Bank metals as of 31.12.2020 were still in the assets of only open NPFs under management. The decrease in the price of gold by 0.4% in Q4 and the decrease in its value in the assets of these funds by 0.3% had practically no effect on its share in them (0.8%). But the rise in price of gold by 48.4% for the whole of 2020 contributed to an increase in the total value of investments in the sector's assets by 2.2 times, which doubled its share during this time.

3. Results of NPF administration activity

In Q4 2020, 17 administrators submitted to UAIB data on 54 pension funds, which accounted for 96% of all NPFs administered by members of the Association (and 92% of all NPFs managed by UAIB members). They had about 99% of the assets of all NPFs under AMC management. The number of participants in these NPFs

at the end of September was 733.6 thousand people. Of these, 57.0% were men and 43.0% were women. The largest subcategories were persons aged 25 to 50 years in each group, which together accounted for more than 59% of all participants in the NPF (Chart 6)³.

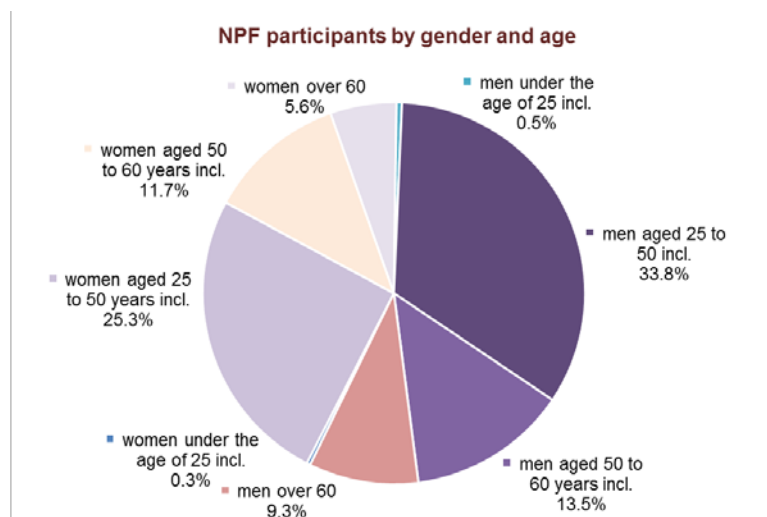


Chart 6. Number of NPF participants as at 31.12.2020

The number of NPF depositors reporting for the quarter at the end of 2020 was 67.8 thousand people, and in October-December, individual depositors increased by 3.1 thousand people. As of December 31, 2020, almost 99% of depositors of these funds are

individuals with whom 92.6% of all pension contracts were concluded, or 68.2 thousand units (Chart 7). The total number of pension contracts of these funds at the end of 2020 reached 73.6 thousand units.

³ According to NPF reports.

Pension contracts as at 31.12.2020

NPF depositors as at 31.12.2020

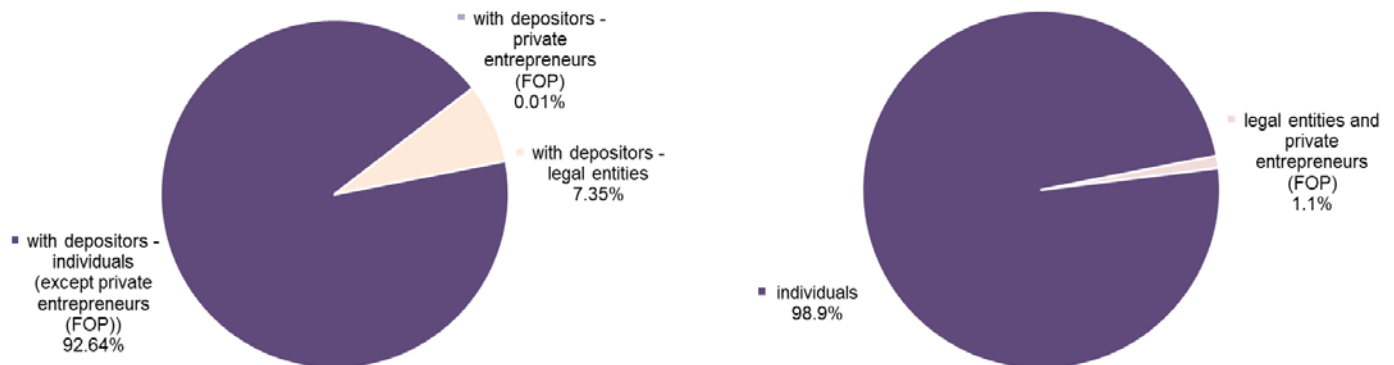


Chart 7. Number of NPF depositors and number of concluded pension contracts

Pension contributions which were received by the abovementioned 54 NPFs in Q4 2020 amounted to a total of UAH 122.7 million. Of these, 55.6% were on account of men, and 44.4% on account of women. The largest two subcategories of both groups (25-50 years)

provided more than 76% of quarterly contributions (Chart 8).

As of December 31, 2020, these funds received UAH 1,359 million in pension contributions, of which almost 60% came from legal entities.

Pension contributions in Q4 2020

Pension contributions as at 31.12.2020

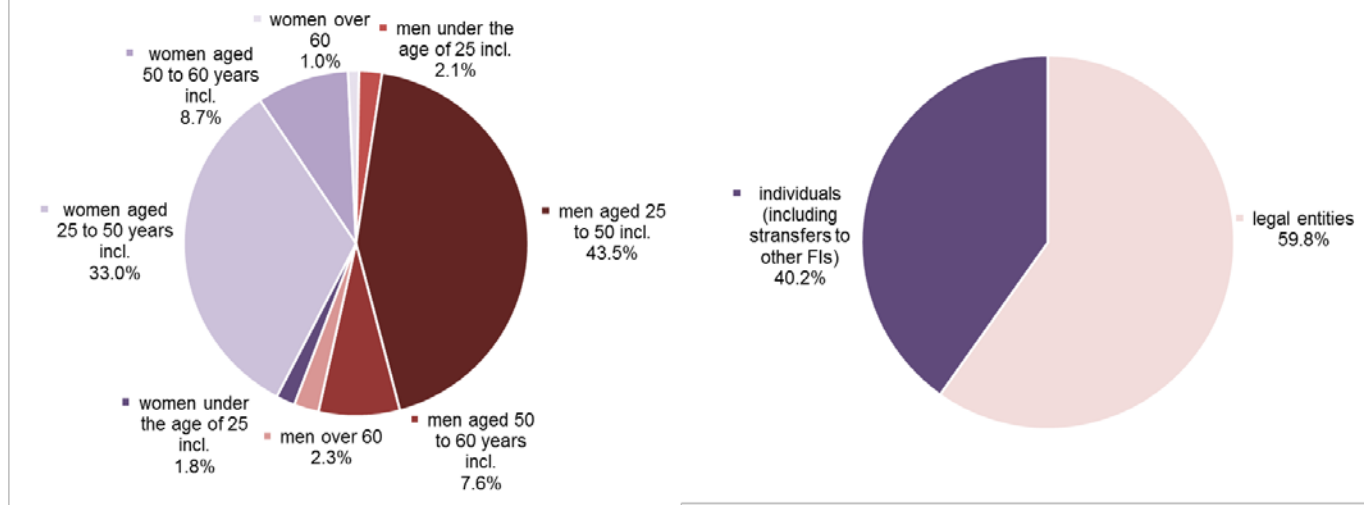


Chart 8. Pension contributions

Pension payments from the analyzed 54 NPFs for Q4 2020 amounted to UAH 49.3 million. Of these, 53.9% were one-time payments, 15.4% were fixed-term payments, and 30.6% were transfers to banks, insurers or other NPFs (Chart 9).

As of December 31, 2020, these funds paid out UAH 485 million, of which almost 70% were one-time, 15.4% - for a fixed period, and the remaining 15% were transfers to other financial institutions.

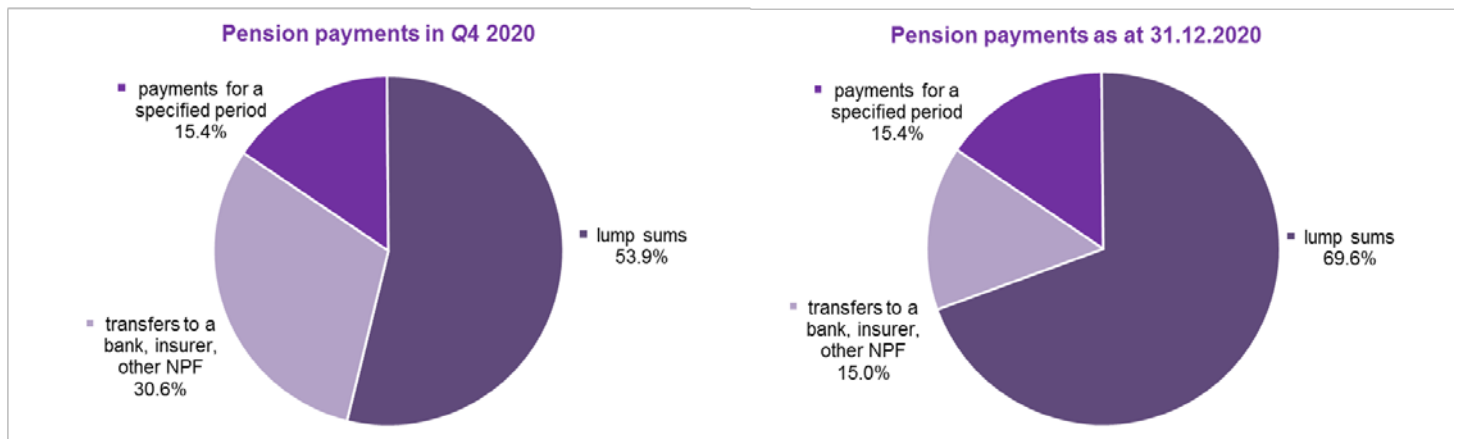


Chart 9. Pension payments out of NPFs

The total amount of pension funds in individual pension accounts of participants, i.e. net assets of 54 NPFs in the administration of UAIB members, which reported and had 99% of assets of all NPFs in AMC management at the end of 2020, amounted to UAH 1,914 million.

The amount of return on investment of their assets as of December 31 increased to UAH 1,040 million for the entire period of their activity.

According to the Information on the state and development of non-state pension provision of Ukraine

as of 31.12.2020⁴, which includes the NSSMC data calculated by it under law №756 of 08.12.2020⁵, the weighted average change in the net asset value of pension assets in 2020 was +11.4 % (after 15.1% for the year as of 30.09.2020).

The Association will include information on the dynamics of the analysed indicators of NPF administration activity of the UAIB members in its reviews for the following periods, as the relevant data is accumulated.

See additional and statistical information on the UAIB website:

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

4 https://www.nssmc.gov.ua/wp-content/uploads/2021/04/npf_4_kv-2020.doc

5 <https://www.nssmc.gov.ua/document/?id=11326884>