



## Ukrainian fund industry highlights

### Q1 2023:

## **continued overall growth amid the war, more outflows from the open-ended funds**

The first months of the 2023 were marked by the lasting **full-scale russian aggression and invasion of Ukraine** that started on 24 February 2022, with the martial law in action, albeit with somewhat relaxed rules by the national financial authorities including the securities markets regulator NSSMC that allowed for relatively normal activities of the markets participants.

**Ukrainian fund & asset management industry**, among others, was still facing various wartime challenges, but most of the local AMCs kept working, with many even expanding their business.

**AuM of the ‘established’<sup>1</sup> domestic Collective Investment Institutions (CIIs) rose by 3.2% (in UAH terms) in Q1 2023, to reach UAH 551.8 billion (EUR 13.9 billion). The number of the funds’ reports was 1.9% higher than in Q4 2022, which accounted for a part of the quarterly growth.**

More specifically:

- **‘Venture’<sup>2</sup> funds** in the corporate form remained one of the key drivers of the industry expansion, with their share growing to almost 55% of the total CIIs number (for all venture CIIs, it remained at 93%);
  - total **AuM of the formed venture CIIs grew by 3.2% in Q1 2023** (with the number of their reports 1.1% higher);
  - total **NAV added 4.7% over the quarter, to reach UAH 414.8 billion**, with its share in the total Ukrainian funds’ NAV hovering above 96%;
- In other CII categories, among the sectors of **publicly offered funds** (open-ended, interval and closed-end ones<sup>3</sup>) only the closed-end funds experienced NAV increase in Q1 2023.

**Number of the formed CIIs resumed its quarterly growth in Q1 2023, to reach 1775 funds at end March (+1.9%).**

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<sup>1</sup> Formed funds which have reached compliance with the minimal asset value regulatory requirement.

<sup>2</sup> Venture CIIs are closed-end ‘non-diversified’ funds with private issue only, mainly investing in private equity and debt, with the lowest restrictions on their activity as compared to other fund categories.

<sup>3</sup> See fund classification on the UAIB website: <https://www.uaib.com.ua/en/invest-in-ukraine/cii-manual>



➤ **In open-ended CIIs (all publicly offered):**

- **Total NAV** contracted by 2.3% in Q1 and by 18.8% over the past two years since March 2021, amounted to UAH 142 million as at end March 2023.
  - the decline in the sector was due to the outflow of capital from these funds;
- **Net sales** since the start of 2023 amounted to -UAH 8.7 million and the annual figure (except for the period between end March and 22 August 2022 when sales were prohibited due to the war and the martial law) dived deeper into the negative territory with -UAH 36.5 million;
- **Domestic retail investors** retained the bulk of the open-ended funds' NAV in March 2023, with 85.5% albeit down from 86.3% at the beginning of the year; they still comprised more than 98% of all of the sector investors;
- There were also still 5 **foreign investors** (non-resident institutional/corporate and individual ones) in open-ended funds in March 2023 having 6.4% in the sector's total NAV (up from 5.9% at end 2022).

**Number of non-resident investors in all CIIs** in total has risen from 394 at the beginning of 2023 to 416 in March.

**Number of AMCs in Ukraine contracted from 300 to 299 in Q1 2023.**

- Out of those, 261 (87%, up from 85% in December 2022) remained active and reported on their investment and/or pension funds under management for Q1 2023, in particular:
  - Almost 99% of them had at least one venture CII under management;
  - Nine AMCs managed acting 16 open-ended funds, and 30 had 76 publicly offered CIIs in total;
  - Furthermore, 32 AMCs had 55 pension funds under management, and one managed assets of one insurance company.

**Number of non-state pension fund administrators (ANPFs) remained 18 by March 2023.**

- Among them there were still **6 companies which had only NPF administrator's licence**, while others conducted both institutional investor asset management activity and the one of pension fund administration.



**NPFs with assets under administration of the ANPFs** (57 III-pillar funds, excluding the NBU's corporate pension fund<sup>4</sup>) **had UAH 2,440 of assets at end March (+3.1% in Q1 2023).**

- Meanwhile, **NPF' assets under management of AMCs** (55 NPFs) rose by 3.4% over the quarter. The AuM of these funds reached UAH 2,436 million.

**Insurance Companies' assets under management of AMCs added 5.1% in Q1 2023.** As at end March, they amounted to **UAH 148 million.**

First part of the full **UAIB Q1 2023** report is available on the UAIB website (in Ukrainian): <https://www.uaib.com.ua/analituaib/publ-ici-quart/1-y-kvartal-2023-roku-zagalni-rezultati>

See more market statistics on the UAIB website: [The Ukrainian Fund Market in Figures](#)

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<sup>4</sup> The National Bank's of Ukraine corporate NPF, which is managed by the NBU itself, had roughly 42% of the total NPFs' AuM.