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## 1. Asset Management Industry. General Overview

### Number of Market Participants

#### Asset Management Companies (AMCs)

In Q1 2020, according to UAIB, the number of asset management companies increased by 4 up to **297**. In total, 6 new AMCs were created during this period.

At the end of March, 279 AMCs managed between one and 53 funds, and almost 99% of all such AMCs managed at least one venture CII.

#### Collective Investment Institutions (CII)

In January-March 2020, 40 new CII were registered. Considering the closed funds, as of March 31, 2020, the total number of **registered CII** increased up to **1926**, by 1.9% since the beginning of the year.

The number of **CII that reached the minimum assets standard (formed, "established" CII)** grew for the 10th consecutive quarter - to **1357** (+ 2.3% for the quarter).

#### Non-State Pension Funds (NPFs)

The number of NPFs under management as of March 31, 2020 was **60** (excluding the NBU corporate fund), including 48 open, 6 corporate and 6 professional funds. A total of 34 AMCs managed NPFs assets.

#### Insurance Companies (IC)

The number of insurance companies that transferred their assets to AMC management has not changed since the beginning of 2020, as well as the number of AMCs that provided the following services: as of March 31, 2020, one such company managed the assets of **two** insurance companies.

### Assets under Management and NAV

#### All Institutional Investors

Total total assets under AMC management **grew by 3.3%** in Q1 2020 (by 9.0% over the last 12 months) and reached **UAH 366,825 million** at the end of March.

#### Collective Investment Institutions (CII)

In Q1 2020, the **total assets of all CII under management**, including those that have not yet reached the standard, also **increased by 3.3%** and 9.0% over the year, to **UAH 364,995 million**.

As of March 31, 2020, the assets of **acting CII that reached the minimum assets standard ("established" CII)**, amounted to **UAH 356,884 million**. In Q1 2020, they grew by 5.2%<sup>1</sup>, and in the last year - by 12.4%. As before, the lion's share of the growth of CII assets was provided by venture funds, the number of reports for the quarter of which grew by 6.3%.

The total **NAV the "established" CII** as of March 31, 2020 reached **UAH 274,322 million**. In Q1, it grew by 5.0% (see above footnote on total assets), and in the last 12 months by 11.2%.

#### Non-State Pension Funds (NPFs)

NPF assets managed by AMC in Q1 2020 had a slightly slowed-down **growth to 3.1%** (up to 16.1% over the year). As of March 31, 2020, they reached **UAH 1,653 million**.

#### Insurance Companies (IC)

The assets of the IC under the management of AMC increased rapidly at the end of March, at **+35.7%** since the beginning of 2020 (+46.4% on an annual basis). As of March 31, 2020, these assets amounted to **UAH 131 million**.

<sup>1</sup> Partly due to the relatively complete reporting for Q1 2020 compared to the reporting for Q4 2019 and annual report due to the restrictive measures introduced

in March 2020 to counter the spread of the COVID-19 pandemic and the corresponding extension of these reporting deadlines.

## 2. CII Asset Management Market Results

### 2.1. Number of AMCs and CIIs

During the first three months of 2020, the Ukrainian CII asset management industry continued to grow steadily, in terms of not only the number of funds and the value of their assets under management, but also in terms of the number of operating asset management companies. In January-March this year, it increased for the first time since the same period last year. During Q1 2020, 6 new AMCs were created and two were closed. Therefore, as of March 31, 2020 in Ukraine, according to UAIB, there were **297 AMCs** – 4 more than at the beginning of the year (Chart 1).

At the end of March, there were 279 AMCs that managed funds (278 at the beginning of January), almost 99% of which managed at least one venture CII. In total, these AMCs had between 1 and 53 funds under management (after 57 at the beginning of the year).

In January-March 2020, 40 new CII also appeared in the state register (after 47 in October-December 2019). Considering the funds that closed during this quarter, as of the end of March, the **total number of registered CII, according to UAIB, increased to 1926** (+ 1.9% in Q1 2020, after + 2.3% in Q4 2019).

The number of **formed CII**, which reached the minimum asset ratio, grew for the 10th consecutive quarter - to **1357** (+31 fund, or + 2.3% for Q1 2020, after + 3.3% for Q4 2019). During January-March, 39 CII were recognized as having taken place (after 50 in the previous quarter), 38 of which were venture CII, including 34 - CIF, which reached the minimum assets at the same time as state registration, and the rest - UIF, in particular one – closed-end non-diversified.

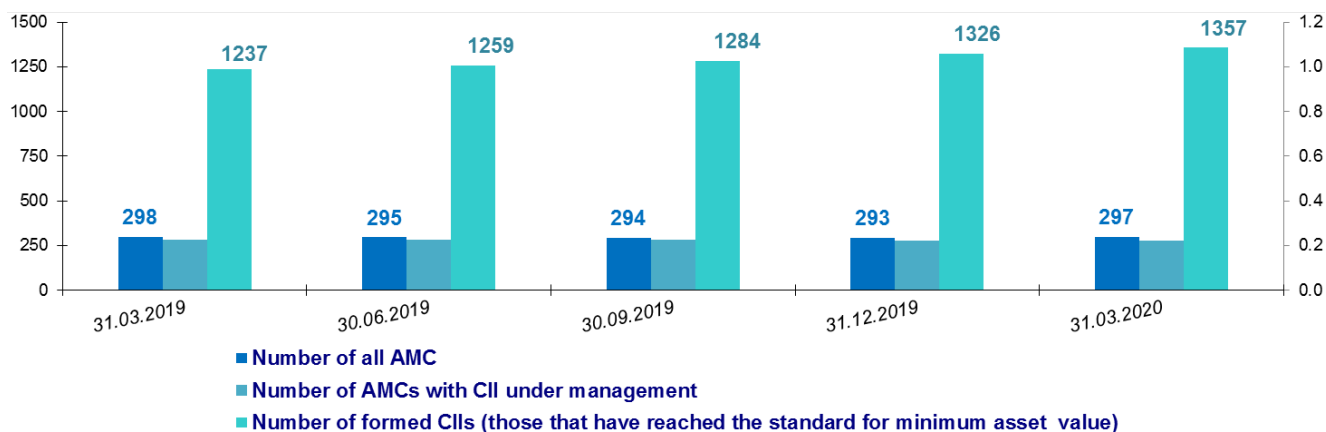


Chart 1. Dynamics of number of AMC and CII in Q1 2019-2020

The number of formed current venture CIFs, including withdrawn funds, in Q1 2020 increased by 28 funds (+ 6.1%, after + 10.3% in Q4 2019), while venture UIFs - by two (+ 0.3%, after + 0.1%, Table 1). Finally, the share of venture UIFs among all CII continued to decrease - from 56.2% at the beginning of 2020 to 55.0% in March, and the weight of venture funds in general - to increase - from 91.0% to 91.2% (Chart 2). In March 2020, there were 1,237 venture CII in total (+ 2.5% in Q1).

In other sectors, the number of “established” funds changed only among closed-end non-diversified CIFs (except venture capital funds), which increased by one

(2.2%) in Q1 2020, but among closed-end non-diversified UIFs, one fund was created and one liquidated.

The number of CII that has not yet reached the minimum asset size among all funds under AMC management as of March 31, 2020 was 47 (3.3% of all CII under management, after 3.5% at the beginning of the year). At the end of March 2020, 84 funds or 6.2% of all recognized and operating CII remained or were in the process of liquidation (according to UAIB) (6.1% at the beginning of the year). Among them were two open-ended, three interval and three closed-end diversified UIFs, 9 closed-end non-diversified UIFs and three such CIFs, 60 venture UIFs and two such CIFs.

*Table 1. Dynamics of number of CII that have reached compliance with standards, by types and legal forms in Q1 2019-2020*

Date / Period	Total	UIF*										CIF*		
		O*	Os*	I*	Is*	CD*	CNN*	Cs*	Cq*	CV*	I*	CNN*	Cq*	
31.03.2019	1242	12	7	19	3	3	28	1	1	742	51	1	374	
30.06.2019	1259	12	7	18	3	3	28	1	1	743	49	1	393	
30.09.2019	1284	12	7	17	3	3	27	1	2	744	47	2	419	
31.12.2019	1326	12	7	17	3	3	27	1	2	745	45	2	462	
31.03.2020	1357	12	7	17	3	3	27	1	2	747	46	2	490	
Q1 2020 change	31	0	0	0	0	0	0	0	0	2	1	0	28	
	2.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	2.2%	0.0%	6.1%	
Annual change	115	0	0	-2	0	0	-1	0	1	5	-5	1	116	
	9.3%	0.0%	0.0%	-10.5%	0.0%	0.0%	-3.6%	0.0%	100.0%	0.7%	-9.8%	100.0%	31.0%	

\* O – open-ended diversified, Os – open-ended specialized, I – interval diversified, Is – interval specialized, CD – closed-end diversified, CNN – closed-end non-diversified non-venture, Cs – closed-end specialized, Cq – closed-end qualified, CV – closed-end non-diversified venture CII.

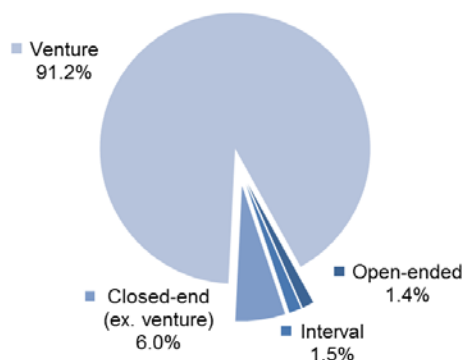


Chart 2. CII that have reached compliance with standards, by fund types as at 31.03.2020

According to the data for Q1 2020, there were **83 CII with public issue**, i.e. 2 more than at the beginning of the year - due to closed-end non-diversified funds (+ 5.3%, Table 2).

The number of AMCs managing CII with public issue in Q1 2020 returned to the level of 35 companies six months ago (from 34 at the beginning of the year). There were 11 of them left in the open-ended CII sector (excluding AMCs of liquidated funds - 10).

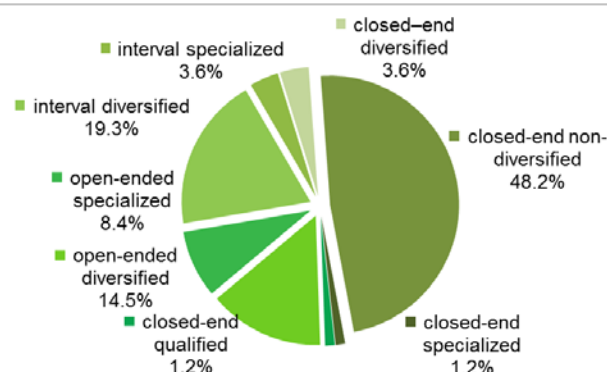


Chart 3. CII with public issue as at 31.03.2020

Table 2. Dynamics of number of CII with public issue in Q1 2019-2020

CII Type	Total	Open-ended			Interval			Closed-end				
		D*	S*	Total	D*	S*	Total	D*	N*	Q*	S*	Total
31.03.2019	89	12	7	19	18	3	21	3	44	1	1	49
30.06.2019	86	12	7	19	17	3	20	3	42	1	1	47
30.09.2019	84	12	7	19	16	3	19	3	41	1	1	46
31.12.2019	81	12	7	19	16	3	19	3	38	1	1	43
31.03.2020	83	12	7	19	16	3	19	3	40	1	1	45
Q1 2020 change	2	0	0	0	0	0	0	0	2	0	0	2
	2.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.3%	0.0%	0.0%	4.7%
Annual change	-6	0	0	0	-2	0	-2	0	-4	0	0	-4
	-6.7%	0.0%	0.0%	0.0%	-11.1%	0.0%	-9.5%	0.0%	-9.1%	-	0.0%	-8.2%

\* D - diversified, S - specialized, N - non-diversified, Q - qualified.

There were again **33 diversified and specialized CII with public issue**, which reported for Q1 2020 (Table 3).

At the end of March 2020, there were four equity funds, according to the classification based on the

structure of assets<sup>2</sup>, which were the same one open-ended and three interval CII as in December 2019, without 2 more interval, classified in this class then. Total equity funds accounted for 12.1% of all diversified and specialized CII with public issue (Chart 4) - after 18.2% at the beginning of the year.

As of March 31, 2020, the bond funds were four open-ended and one interval bond fund, including three that were assigned to this class in December 2019, and two more open-ended funds. Together, they accounted for 15.2% of all diversified and specialized CII with public issue (after 9.1% at the beginning of the year).

There were 20 mixed investment funds in March 2020, and their membership was replenished with two funds that belonged to the class of equity funds in December 2019 and, at the same time, 5 other funds withdrew from it, including four open-ended and interval CII. As of March 31, 2020, 9 open-ended and interval and 2 closed-end CII were included in mixed funds - 60.6% of all diversified and specialized CII with public issue (69.7% at the beginning of the year).

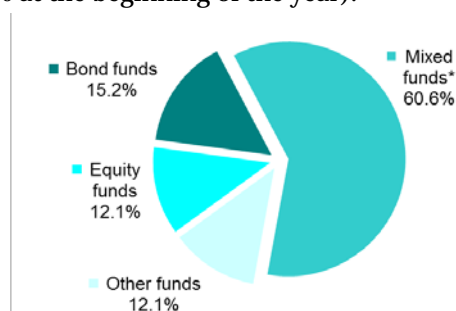


Chart 4. Diversified CII with public issue by fund types as at 31.03.2020

Table 3. Dynamics of diversified CII with public issue by fund types (according to asset structure) in Q1 2019-2020

Date/Period	Total	Equity funds	Bond funds	Mixed funds*	Other funds
31.03.2019	33	7	3	20	3
30.06.2019	33	5	3	22	3
30.09.2019	33	5	5	21	2
31.12.2019	33	6	3	23	1
31.03.2020	33	4	5	20	4
Q1 2020 change	0	-2	2	-3	3
	0.0%	-33.3%	66.7%	-13.0%	300.0%
Annual change	0	-3	2	0	1
	0.0%	-42.9%	66.7%	0.0%	33.3%

\* Funds that have equities, and bonds, and cash in their portfolios.

## 2.2. Regional Breakdown of AMCs & CII

In Kyiv and the capital region in Q1 2020, the total **number of current AMCs** increased by 4 and at the end of March amounted to 210 (Chart 5). At the same time, 6 new AMCs were created here. According to this indicator, the market share of Kyiv and the capital region increased from 70.3% at the beginning of the year to 70.7% in March.

In general, in the TOP-5 regions by the number of AMC, except for Kyiv, the number of companies in January-March 2020 did not change: in the Dnipro and Kharkiv and their regions - 19, in Lviv and region - 9, in Odessa - 8. In other regions In Ukraine, the number of AMCs has also been unchanged since the beginning of the year - only 31 - so their share in general decreased in Q1 from almost 10.6% to more than 10.4%.

The **number of CII under management** in Kyiv and the region in Q1 2020 increased from 996 to 1,017 funds (+ 2.1%), and in Ukraine as a whole - by 1.6%. Accordingly, the weight of Kyiv and the region according to this indicator from the beginning of the year to the end of March rose from 72.0% to 72.4% (Chart 6). The share of Kharkiv and the region also continued to grow (within 6.2%), where the number of funds increased by two (+ 2.4%) in January-March 2020. The weight of other regions decreased slightly, with the number of CII under management in Dnipro and its region decreased by 1 (- 1.1%) per quarter, while in Lviv and Ivano-Frankivsk regions, as well as in regions of Ukraine outside the TOP-5, it did not change. The weight of the latter decreased from 6.6% at the beginning of 2020 to 6.5% in March.

In Q1 2020, the share of **CII assets under management** by regions remained almost unchanged, including that of Kyiv, which remained at 80.4%. At the same time, the volume of assets under management in the capital region increased by UAH 10.5 billion. (3.7%). In Dnipro, assets under management grew by 7.0%, and the weight of the region - from 5.7% to 5.9%. The weight of Lviv also increased from 4.6% to 4.8%, where assets grew by 6.4%. The shares of Kharkiv and Zaporizhia and their regions, as well as other regions of Ukraine on this indicator decreased in January-March 2020. However, if in Kharkiv assets decreased by 1.8% for the quarter, in other regions they increased, although less than in Ukraine as a whole (Zaporizhia - by 2.2%, regions outside the TOP-5 - by 2.8%).

Thus, in Q1 2020, the concentration and "centralization" of the CII asset management industry, in

<sup>2</sup> See [rankings of Collective Investment Institutions \(CII\) - by fund class](http://www.uaib.com.ua) on the UAIB website: <http://www.uaib.com.ua>.

particular Kyiv and the capital region, increased somewhat in terms of the number of market participants (AMCs and

CIIs), maintaining an even greater share in terms of assets under management.



Chart 5. Regional distribution of number of AMC as at 31.03.2020

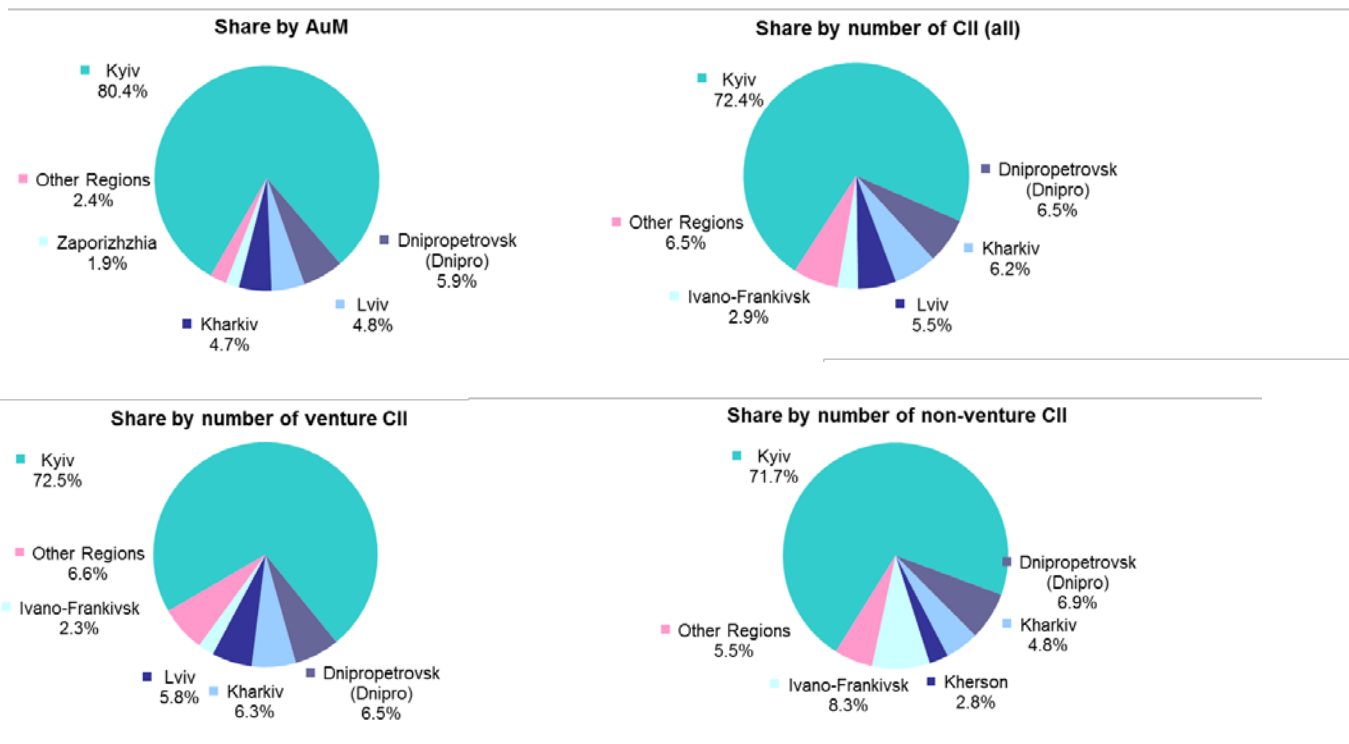


Chart 6. Regional distribution of CII by number and value of their assets under management as at 31.03.2020

### 2.3. Assets and Net Assets of CIIs

**The total assets of all institutional investors under AMC management** in Q1 2020 accelerated more than twice as much as in the previous quarter, to + 3.3%, and at the end of March amounted to UAH 366,825 million. Their annual growth slowed down to + 9.0%.

As of March 31, 2020, **CII assets under management**, including those that have not yet reached the minimum assets ratio, reached **UAH 364,995 million**. In January-March 2020, they also grew by 3.3%

(after + 1.4% in October-December 2019) and by 9.0% in the 12 months to the end of March, actually providing more than 99% growth in total assets under AMC management for the quarter and in a year.

The total assets of **acting CII that and reached the standards ("established" CII)**, as of 31.03.2020 amounted to **UAH 356,884 million** (Chart 7). In Q1 2020, they grew by 5.2%<sup>3</sup>, and in the last year - by 12.4%.

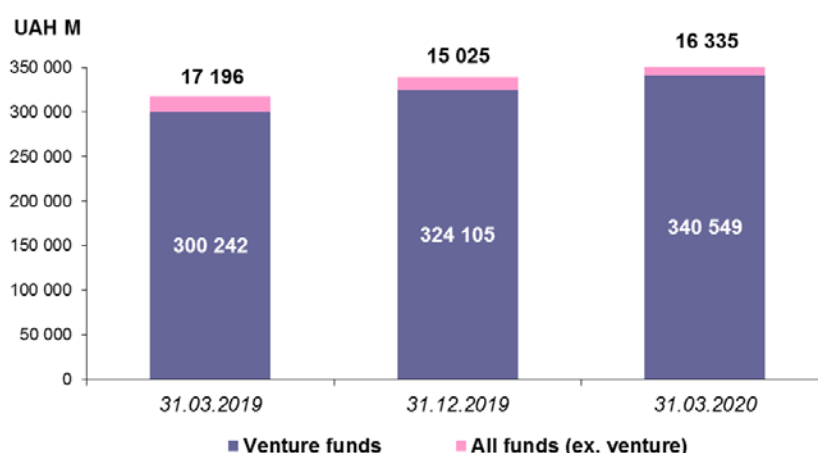


Chart 7. Dynamics of asset value of "recognized" CII under management in Q1 2019-2020

In Q1 2020, all CII sectors had a positive trend in terms of types of funds and methods of placement. However, as before, the lion's share of the growth of total assets of all CIIs was provided by venture funds in general. The number of their quarterly reports increased by 6.3%, although the growth rate of their assets in this period was inferior to other CIIs sectors (except open-ended). In January-March 2020, the total assets of venture CII increased by 5.1% (by 13.4% over the last year) to UAH 340,550 million.

The assets of open-ended CIIs in this quarter increased by 4.8% (after -3.6% in Q4 2019) and reduced the annual decline from -5.3% in December 2019 to -0.7% in March 2020. And the leaders in asset growth in Q1 2020 were interval CII (+ 11.8%, after -0.7% in Q4 2019), which

was facilitated by the relatively positive dynamics of the stock market in this period.

From the beginning of 2020, the total value of CII assets (excluding venture) increased by 8.7% to UAH 16,335 million. Two sectors of closed-end funds - public and private - showed very close growth rates, although the former added relatively more (9.0%), with 3.6 times smaller total assets. At the same time, the number of quarterly reports in both sectors increased (by 14.3% among funds with public placement and by 6.5% with private placement).

**The net asset value of CIIs**, which reached the standards, as of 31.03.2020 reached UAH 274,322 million. (Table 4). In the first three months of 2020, it grew by 5.0% (after -1.2% in Q4 2019, see above the footnote on total assets), and in the last 12 months - by 11.2%.

<sup>3</sup>Here and below, these indicators include data as of December 31, 2019 according to the annual AMC reports on CII, as well as the assets of NPFs and ICs under management, received at the time of preparation of the Review for Q4 2019 and annual. Their number was less than it should have been: UAIB estimates that the completeness of the annual reports received was at least 95% and 99%,

respectively, in terms of the number of reports on institutional investors and the amount of their assets under management, with restrictive measures introduced in March 2020 to counter the spread of the COVID-19 pandemic and a corresponding extension of the reporting deadlines.

*Table 4. Dynamics of CII NAV, by fund type, in Q1 2020 and over the past year, UAH M*

Funds	31.03.2019	31.12.2019	31.03.2020	Q1 2020 change	Annual change
Open-ended	87.2	82.6	86.6	4.8%	-0.7%
Interval	76.3	75.7	84.6	11.7%	10.9%
Closed-end (ex.venture)	15 497.3	13 505.3	14 724.1	9.0%	-5.0%
with public issue	2 701.6	2 557.9	2 733.2	6.9%	1.2%
with private issue	12 795.7	10 947.3	11 990.9	9.5%	-6.3%
<b>All funds (ex. venture)</b>	<b>15 660.8</b>	<b>13 663.6</b>	<b>14 895.2</b>	<b>9.0%</b>	<b>-4.9%</b>
Venture funds	231 088.8	247 542.2	259 427.0	4.8%	12.3%
<b>All funds</b>	<b>246 749.5</b>	<b>261 205.8</b>	<b>274 322.2</b>	<b>5.0%</b>	<b>11.2%</b>

*\* Acting CIIs that have reached the norms for minimal asset value (were recognized as valid), are managed by AMC and provided reports for the relevant period (as at the reporting date).*

NAV of venture CII in Q1 2020 grew by 4.8%, and for the last year - by 12.3% and at the end of March amounted to UAH 259,427 million.

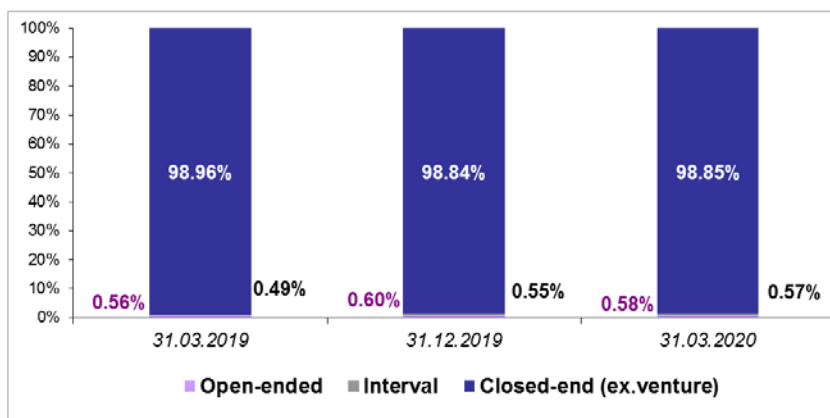
Open-ended CIIs, with the same number and composition of funds in the sector (17) in Q1 2020 showed the same quarterly increase (+ 4.8%, after -3.7% in Q4 2019), more than offsetting losses at the end last year. The current annual change in the net assets of this sector at the end of March 2020 significantly slowed down the negative dynamics - to -0.8%. As of March 31, 2020, its NAV amounted to UAH 87 million. Positive quarterly changes were partly due to the growth of quotations of certain securities in the portfolios of funds, but 86% growth in NAV of open-ended CIIs was ensured by net capital inflows.

Interval CII, which also had a constant composition of funds in its sector (15), grew the most in NAV, as well as

in total assets for Q1 2020: + 11.7% (after -1.8% in Q4 2019). Thus, they reached a positive trend and according to the results of the last 12 months - + 10.9% as of the end of March (after -7.1% in December 2019).

Closed CII with private placement (excluding venture) in Q1 2020 added 9.5% of net assets (after + 3.6% in the previous quarter), and with public placement - + 6.9% (after -0.8%).

Finally, in January-March 2020, the NAV of all closed-end CII (except venture) increased by 9.0%, which corresponded to the growth of all non-venture CII, so the weight of the former in NAV of the latter did not change (98.9%). At the same time, closed-end funds with public issue lost some weight - at the end of March it was 18.3%, after 18.7% at the beginning of the year. The share of open-ended funds also decreased slightly, while interval funds increased by 0.6% in both cases (Chart 8).


*Chart 8. Dynamics of non-venture CIIs' NAV breakdown, by fund types in Q1 2020 and for the year*



Venture CII, whose net assets in Q1 2020 gave way to all other fund sectors except open-ended ones,

decreased in weight in the total NAV of all CII from 94.8% at the beginning of the year to 94.6% in March (Chart 9).

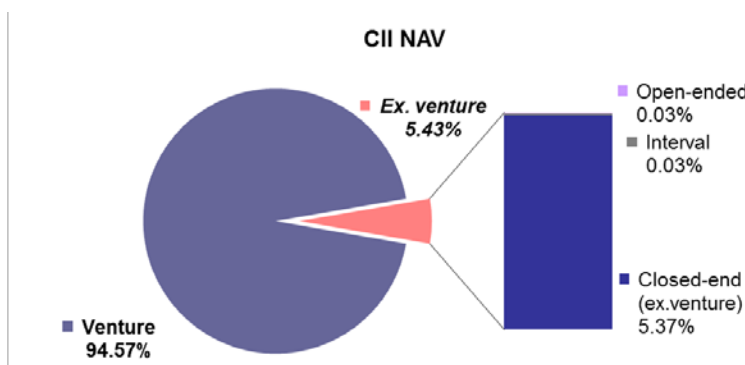


Chart 9. Distribution of CII NAV by fund types as at 31.03.2020

### 2.4. Net Capital Flow in Open-Ended CII

In Q1 2020, the movement of capital in Ukrainian open-ended CII was positive and the largest since Q2 2011. Moreover, if in January the sector suffered an increased outflow of UAH 1.3 million compared to December last year, then in February the net inflow reached UAH 2.7 million, after which it slowed down somewhat in March, when the stock market of Ukraine, as and on foreign and international platforms, began to affect the crisis caused by the spread of the COVID-19 pandemic and the fight against its consequences (Chart 10).

Of the 17 open-ended CII reporting during the quarter, 10 funds had some capital movements. There were 6 funds that had a net outflow in January-March 2020 (after 10 in Q4 2019), and their total net losses from the exit of investors for the quarter amounted to UAH 4.1 million. (after UAH 2.4 million). It is significant that 89% of this amount fell on one fund, which formed more than

half of the net outflow in the previous quarter. This fund, like the second largest outflow in Q1, belonged to the class of mixed investment funds in terms of its asset structure both at the beginning of the year and in March.

There were 4 funds that had a net inflow in January-March 2020 (after two in Q4 2019), and their total additional revenues for Q1 amounted to UAH 7.5 million (after UAH 0.2 million). At the same time, 75% of this amount was provided by one mixed investment fund, which at the end of March had a portfolio corresponding to the class of bond funds. Another 17% of them received another mixed investment fund that met the criteria for this class during the quarter.

In general, the number of funds with a net outflow from the beginning of the year ranged from 7 in January to 2 or 4 in February-March, and funds with a net inflow - from 1 in January to 4 or 6 in February-March.

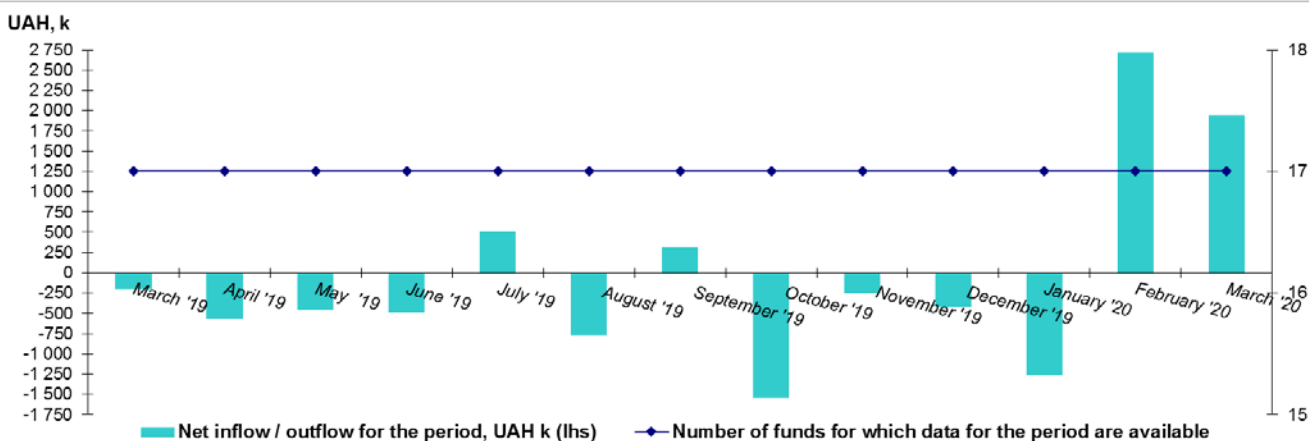


Chart 10. Monthly net flow of capital of open-ended CII in March Of 2018-19 (based on daily data)

Additional investments in open-ended funds in the first three months of 2020, in contrast to the last - 2019, were made mainly by retail investors, the number of which in funds with the largest inflow also increased, despite the general decrease in the sector (due to funds that had a net outflow).

In total, in Q1 2020, the **total net capital movement in open-ended CII amounted to UAH 3.4 million** (after UAH -2.2 million in Q4 2019, Chart 11).

This ensured a **contraction in the annual outflow of capital from open-ended CII to almost zero at the end of March 2020** (-0.3 million UAH, from -5.8 million UAH in December 2019).

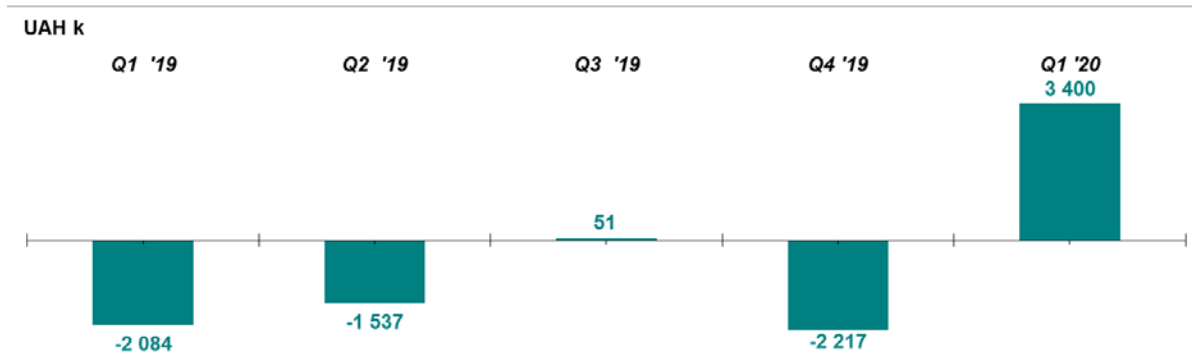


Chart 11. Net flow of capital of open-ended CII in Q1 2019-20, quarterly

At this time, against the background of the coronary crisis that unfolded in March, European investment funds in general and the most popular and aimed mainly at retail investors have experienced a large-scale outflow of capital. At the same time, the losses of all funds were lower than the inflows to them in the previous quarter. Thus, in Q1 2020, the **net outflow from the EU investment fund industry, according to EFAMA, amounted to 125 billion euros** (after +190 billion euros in Q4 2019 and +79 billion euros a year ago)<sup>4</sup>.

The negative overall result of the industry was caused by a **net outflow from UCITS<sup>5</sup> funds, which in Q1 2020 amounted to 176 billion euros** (after +148 billion euros in Q4 2019 and +51 billion euros a year ago).

The lowest losses among UCITS in January-March 2020 were suffered by outsiders of the previous quarter, money market funds: -1 billion euros (after -3 in October-December 2019). Instead, bond funds had the largest net outflow of investors: -98 billion euros (after +60 billion

euros). Equity funds lost € 47 billion (after + € 61 billion) and mixed assets funds lost € 21 billion (after +27).

**AIF<sup>6</sup> funds in Q1 2020 had a net inflow of 51 billion euros** (after +43 billion euros in Q4 2019).

The most popular AIF among investors at this time - again in contrast to UCITS funds of this class, as in Q4 2019 - were bond funds, which attracted an additional 16 billion euros (after -22 billion euros), as well as "Other" funds<sup>7</sup> (+21 billion euros, after + 38). AIF of mixed assets also had a weaker inflow (+9 billion euros, after + 27), and real estate funds were almost stable (+10 billion euros, after + 11).

The total NAV of the fund industry in the EU for Q1 2020 fell by 11.6% (after + 3.3% for Q4 2019), and net capital outflows accounted for only 6% of this decline, and the remaining 94% caused a failure on the stock markets of Europe and the world. Net assets of UCITS decreased by 14.5%, and AIF - by 7.5% and together on 31.03.2020 they amounted to 15.7 trillion euros, almost 60% of which belonged to UCITS.

<sup>4</sup> According to the available data on the 28 countries whose associations are members of EFAMA (24 EU member states, including Poland (former EFAMA member), as well as Liechtenstein, Norway, Switzerland and Turkey), see [EFAMA Quarterly Statistical Release \(Q1 2020\)](http://www.efama.org) na at: <http://www.efama.org>.

<sup>5</sup> In this context, long-term UCITS funds are all classes of UCITS except money market funds. UCITS (Undertakings for Collective Investment in Transferable Securities) - enterprises for collective investment in negotiable securities (those that are in circulation in regulated markets); are open-ended funds with public placement of strict requirements for the composition, quality, liquidity and structure of assets. Regulated by the relevant Directive (Directive 2009/65 / EC of

13 July 2009, as amended by Directive 2014/91 / EU of 23 July 2014) and other related acts of EU legislation.

<sup>6</sup> AIF (Alternative Investment Funds) – alternative investment funds; in fact include all other regulated funds that are not UCITS. Companies that manage such funds are regulated by the AIFMD Directive (Directive 2011/61 / EU of 8 June 2011).

<sup>7</sup> This category of AIF includes equity funds, bonds and mixed assets in Ireland due to the lack of data on their breakdown by these sectors.

## 2.5. CII Investors

In March 2020, as before, the largest investors in CII were **resident legal entities**: they owned 53.2% of the net assets of all CII (Chart 12). The decrease in the weight of these investors in NAV CII from 59.3% at the beginning of the year continued the steady trend of the previous quarters and years. But, in contrast, in Q1 2020, the total value of investments of domestic enterprises also decreased (-5.7%, after + 5.5% for the whole of 2019), which led to an increased decrease in their relative weight, because the amount of funds of all other categories of investors in CII increased.

By CII sectors by types of funds in venture CII, the total value of investments of local enterprises in Q1 2020 decreased by 6.0% (after -3.4% in Q4 2019). Their share in this sector decreased from 61.4% at the beginning of the year to 55.1% in March. It also decreased significantly in closed-end funds, except for venture funds (from 22.8% to 19.3%), although the total value of investments of these investors increased here - relatively less than in other categories (+ 7.7%). In January-March 2020, aggregate investments of Ukrainian enterprises in open-ended CII also increased, and their weight decreased insignificantly within 10.8%.

In Q1 2020, **resident individuals** significantly increased their total funds in CII, and the largest among all categories of investors, both in absolute and relative terms. About 94% of this increase was accounted for by venture funds, and more than 5% by other closed-end CII.

In general, the weight of individual investors resident in Ukraine in all CII by total NAV increased from 19.3% at the beginning of 2020 to 25.9% in March, with growth recorded in all CII sectors by type of fund.

In open-ended CII, the funds of these participants increased by 5.3% in Q1, which was the largest of all categories of investors and raised the weight of the former from 78.0% at the beginning of January to 78.4% at the end of March. Investments in interval funds increased by 13.5% in value, and their share in the NAV of the sector increased from 74.1% to 75.2%, and in closed-end funds (except for venture funds) - from 73.4% to 76.9%, due to an increase in total investments by 11.8%. In venture CII, total assets, and the share of this category of investors grew the most rapidly - almost one and a half times and from 16.2% to 23.0%, respectively.

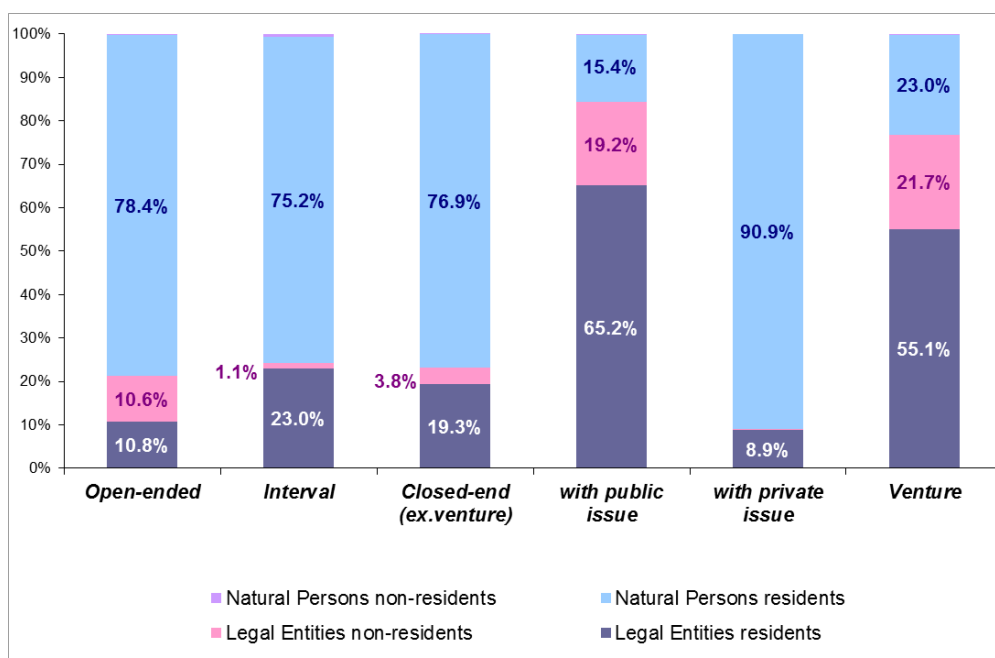


Chart 12. Investments in CII by category of investors as at 31.03.2020, share in NAV<sup>8</sup>

The total value of investments of **foreign investors** in Q1 2020, in contrast to the previous quarter,

increased in all sectors of funds, except for intervals, and in all CII (+ 2.6%).

<sup>8</sup> Excluding funds' bearer securities which are in circulation.

At the end of March, more than 99% of foreign investments were held by non-resident enterprises. Their funds in open-ended funds grew by 1.8% in Q1, while their weight fell from 10.9% to 10.6%. Together with retail investors, the share of non-residents in open-ended funds

decreased from 11.2% at the beginning of 2020 to 10.8% in March.

In venture funds, the weight of non-residents in NAV decreased further - from 22.4% at the beginning of the year to 21.9% in March, and in all CII - from 21.4% to 20.9%.

Table 5. Investors of CII by categories, number and share of the total number as at 31.03.2020

Funds	Legal Entities				Natural Persons				TOTAL
	residents		non-residents		residents		non-residents		
Open-ended	18	1.15%	3	0.19%	1 539	98.59%	1	0.06%	1 561
Interval	17	0.01%	1	0.00%	249 774	99.99%	19	0.01%	249 811
Closed-end (ex. venture)	348	9.28%	15	0.40%	3 378	90.06%	10	0.27%	3 751
with public issue	162	4.63%	10	0.29%	3 315	94.80%	10	0.29%	3 497
with private issue	186	73.23%	5	1.97%	63	24.80%	0	0.00%	254
<b>All (ex. venture)</b>	<b>383</b>	<b>0.15%</b>	<b>19</b>	<b>0.01%</b>	<b>254 691</b>	<b>99.83%</b>	<b>30</b>	<b>0.01%</b>	<b>255 123</b>
Venture	2 806	69.22%	370	9.13%	866	21.36%	12	0.30%	4 054
<b>All</b>	<b>3 189</b>	<b>1.23%</b>	<b>389</b>	<b>0.15%</b>	<b>255 557</b>	<b>98.60%</b>	<b>42</b>	<b>0.02%</b>	<b>259 177</b>

**The number of CII investors** as of March 31, 2020 equaled **259,177** (Table 5). Of these, 98.6% were individuals - residents of Ukraine, 96.4% - participants of interval funds<sup>9</sup>, 0.6% - open-ended, 1.6% - venture CII.

At the end of March, there were 1,561 participants in open-ended funds (-72, or 4.4% for Q1 2020, after -0.5% for Q4 2019). The quarterly decrease, almost like the previous quarter, occurred almost exclusively due to retail investors, which decreased by 70 (-4.4%) to 1,539.

In addition, in March, compared to the beginning of the year, there were fewer investors in interval CII (-43, -0.02%) - entirely due to local individual investors. In general, as of March 31, 2020, the number of participants in this sector remained the largest - 249,811.

In contrast to the negative dynamics, the number of investors in the above-mentioned CII sectors, in closed-end funds of all types and methods of investor placement, has increased. In particular, the number of participants in venture CII has increased by 408 since the beginning of 2020 (+ 11.2%, after -4.3% in Q4 2019), of which 282 are resident legal entities (+ 11.2%). In total, there were 4,054 investors in this sector at the end of March.

In general, *the dynamics of investor participation in CII in general was positive in Q1 2020 for the first time since Q2 2018: +329 (+ 0.1%, after -0.1% in the previous*

quarter), including +298 (+ 10.3%) of legal entities are residents and 32 (+ 9.5%) are non-residents.

**Resident individual investors** almost did not change their presence in CII as a whole in Q1 2020 (-1 person), because the decrease in their number in open-ended and interval CII, as mentioned above, was almost entirely offset by an increase - in closed-end funds of all sectors. Thus, there were 9 more investors among public and private issue funds (except for venture funds) - + 0.3% and + 16.7%, respectively; 94 persons (+ 12.2%) more - in venture capitalists (after + 8.7% in the previous quarter).

**Non-resident** companies and individuals in Q1 2020 generally increased their presence in CII, but only due to corporate investors, the number of which increased in the venture sector (+32, + 9.5%, after -10.8% in Q4 2019).

In general, the number of non-residents as CII participants, of which there were only 431 in March, increased insignificantly within 0.2%. In venture funds, it increased from 9.3% at the beginning of 2020 to 9.4% in March. In open-ended CIIs, with a constant number of non-residents in the quarter and with the exit of some investors of other categories, the weight of non-resident enterprises in the total number of investors rose from 0.2% at the beginning of the year to 0.3% in March.

<sup>9</sup> This is due to the activities of several funds, which were reorganized from the former mutual funds into interval CII and which have a relatively large number of small participants.

## 2.6. CII Asset Structure

In the first three months of 2020, in the structure of CII assets, securities continued to lose weight in all CII sectors by type of fund (Table 6, Chart 13). In open-ended CIIs and closed-end ones with public offering, this was mainly due to equities and government bonds (OVDPs), while in interval funds – due to equities, and in the sectors of closed-end CIIs with private placement, including venture ones, both due to equities and corporate bonds.

The total value of all securities in CII assets decreased in Q1 only in open-ended CIIs and closed-end CIIs with private issue, including venture funds, and in other fund sectors its growth lagged behind other components of assets, including funds in banks. The decline in investment in stock market instruments in open-end assets was entirely due to equities, while in closed-end CII with private placement - primarily due to

corporate bonds, although total investment in equities in funds in this sector also decreased.

However, despite the decrease in total investments in securities and their weight in CII assets, as of the end of March 2020, stock instruments remained a key component of open and interval CII assets (almost 58% and over 82%, respectively). In the former, equities continued to have the largest share among securities, and in the latter - government bonds (Chart 13).

In closed-end CII, the weight of securities in March remained at about 16%, as in early 2020, falling slightly within these limits, with OVDPs and equities remaining the two main and almost equal components.

In closed-end CII with private issue (ex. venture), the weight of stock instruments fell more significantly in Q1 and was lower - about 9%, and more than half of it was equities.

Table 6. Changes in the structure of aggregated CII portfolios by fund types in Q1 2019

Asset Type / CII Type / Quaterly Change	Open-ended		Interval		Closed-end with public issue		Closed-end with private issue		Venture	
	p.p.	%	p.p.	%	p.p.	%	p.p.	%	p.p.	%
<b>Other assets (Incl. R and CR)</b>	1.70	37.7%	-0.40	-9.2%	-1.39	-1.9%	1.20	1.4%	0.65	0.8%
Real estate	-	-	-	-	-0.01	-8.2%	0.22	45.8%	-0.02	-0.5%
<b>Cash and bank deposits</b>	2.54	7.9%	2.54	22.5%	1.85	18.9%	-0.26	-10.8%	0.11	7.9%
Bank metals	0.28	31.5%	-	-	0.01	35.7%	-	-	0.00	20.9%
<b>State bonds (OVDP)</b>	-0.47	-2.0%	2.51	5.2%	-0.61	-8.3%	0.05	13.6%	0.13	105.6%
Municipal bonds	-0.07	-3.8%	-	-	-	-	0.05	61.6%	-	-
<b>Equities</b>	-4.37	-12.2%	-4.82	-13.6%	-0.37	-4.7%	-0.62	-10.6%	-0.01	-0.4%
<b>Corporate bonds</b>	0.38	57.9%	0.18	40.3%	0.56	183.5%	-0.60	-19.2%	-0.86	-21.7%
Promissory notes	-	-	-	-	-0.04	-8.2%	-0.03	-8.0%	-0.02	-1.0%
Other securities	-	-	-	-	-	-	0.00	-100.0%	0.03	4.6%
<b>Securities</b>	-4.53	-7.3%	-2.14	-2.5%	-0.47	-2.9%	-1.15	-11.7%	-0.74	-7.3%

**Government bonds (OVDPs)**, whose rates stabilized in early 2020 before moving in the opposite direction, up, at the end of Q1, remained a fairly attractive instrument for virtually all CII sectors. The total value of investments in them decreased insignificantly only in closed-end funds with public placement.

The share of OVDPs in open-end fund assets decreased in the context of a faster increase in packages of other components of their assets, from 24.0% at the beginning of the year to 23.5% in March. In interval CII, the OVDPs package increased significantly (+ 17.6%), which, together with a decrease in equity investments and a weaker growth in other components of assets, increased the share of the former from 48.1% at the beginning of the year to 50.9% in March. Instead, in closed-end funds with

public placement, it continued to decline - from 7.4% to 6.8% - against the background of rising value of all other asset items of these CII.

**Municipal bonds** in March, as in early 2020, were only in the assets of open and closed CII with private placement, and during Q1 they appeared in venture funds in particular. In general, their share in CII remained very small, but tripled along with the volume of investments in them since the beginning of the year (up to 0.01%). In open-end funds, the weight of local bonds decreased from almost 1.8% to over 1.7%, with several other components of their assets growing faster.

At the end of March 2020, **equities** retained the largest share among stock instruments and asset classes in open-ended funds - 31.5% (after 35.8% at the beginning of

the year), despite a decrease in their total value by 8.0%. The situation was similar in interval funds: -3.4% of the total value of equities reduced their weight in the assets of the sector from 35.5% to 30.5%.

**Corporate bonds** accounted for a significant share of assets in general only in the private equity sectors,

including venture funds. In Q1, investments in these instruments for the quarter were the largest among assets, because of which their weight decreased from 3.1% to 2.5%.

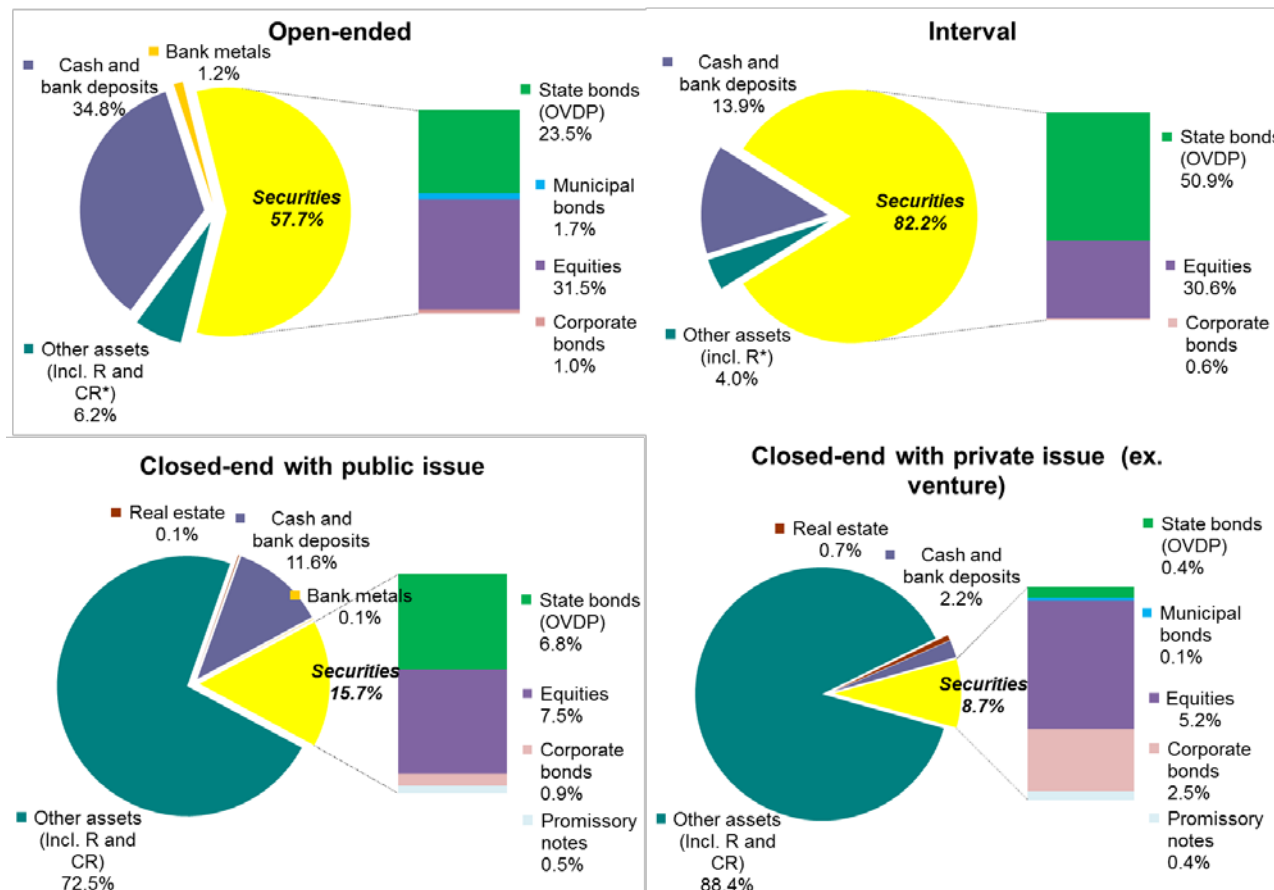


Chart 13. CII asset structure by fund types as at 31.03.2020

\* R - receivables.

**Cash on current and deposit accounts** of CII in this period, as in the previous quarter, increased in total value and weight in assets of all sectors by types of funds, except for closed-end CII with private placement (except venture). They became the largest component of consolidated assets of open-ended CIIs, where their weight rose from 32.3% to 34.8%. In interval funds, they remained the third largest asset at total value, the share of which increased in Q1 2020 from 11.3% to 13.9%.

**"Other" assets**<sup>10</sup> maintained the position of the largest component of the assets of venture and other

closed-end funds, both public and private. In closed-end CII with public issue, their volume increased relatively less than some other items of their assets, so the weight of "other" assets fell from 73.9% to 72.5%. In closed-end CII with private placement, on the contrary, their growth outpaced other asset classes, and consequently their weight increased from 87.2% to 88.4%.

In venture funds, "other" assets increased significantly in January-March 2020, which also increased their share from 84.8% at the beginning to 85.5% (Chart

<sup>10</sup> "Other" assets include corporate rights, expressed in forms other than securities, as well as receivables, including loans to companies in which CII have a share in the capital (for venture funds).

14). As of March 31, 2020, their total value reached over UAH 290 billion.

**Real estate** in venture funds at this time also increased in total value, but its share in the sector's assets remained within 3.6%.

Venture CII assets in stock instruments decreased in Q1 2020, due to a 17.8% decrease in the total volume of investments in corporate bonds, which reduced their share from 4.0% to 3.1%. In contrast, the shareholding increased, albeit insignificantly, so its share in the assets of venture CII remained within 3.2%, as at the beginning of the year.

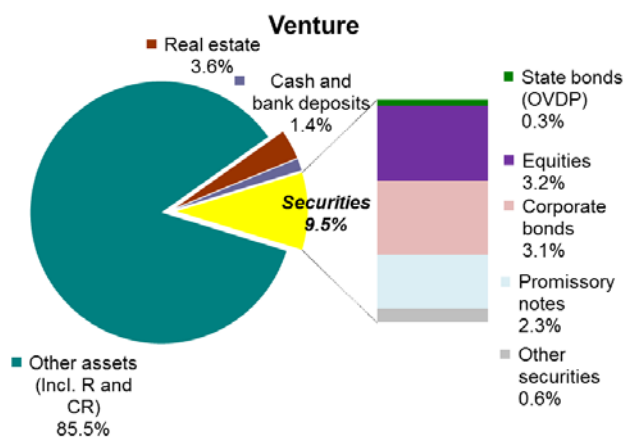


Chart 14. Structure of venture CII assets as at March 31, 2019

\* R and CR - receivables (including loans) and corporate rights

**The portfolio of securities and derivatives of all CII** in total decreased by UAH 0.9 billion in Q1 2020 (-2.6%, after + 5.8% in Q4 2019). As of March 31, 2020, it

cost UAH 33,988 million. (Table 7). The dynamics of the portfolio was mainly determined by changes in the portfolios of venture CII.

The block of equities in January-March increased by almost 4% (after -9.9% in Q4 2019), which raised their weight in the consolidated financial portfolio of CII from 32.7% at the beginning of 2020 to 34.9% in March.

Corporate bonds were the only class of instruments, the volume of which in the consolidated CII portfolio decreased in Q1 2020 - by 17.5% (after + 39.0% in Q4 2019). Thus, they lost weight from 38.1% to 32.3%, falling again to the second position in the portfolio.

The package of promissory notes grew by 3.8% (after -17.3%), providing an increase in their share of 21.8% to 23.2%.

OVDPs, the volume of which in the consolidated CII portfolio decreased the most in the previous quarter (-22.5%), in Q1 2020 increased by 65.3% from a relatively low base, which increased the weight of these instruments more than one and a half times - from 2.1% to at the beginning of January to 3.6% at the end of March.

The package of municipal bonds grew even faster - by 2.8 times, but its share in the CII's portfolio as a whole - only up to 0.1%.

Derivatives also continued to be actively used by funds and increase their presence in the consolidated portfolio of financial instruments in CII assets: their total value increased in Q1 2020 by 9.7% (after + 25.2% in Q4 2019) - to more than UAH 2 billion, and their share here expanded from 5.3% at the beginning of January to 5.9% at the end of March.

Table 7. Portfolio of CII securities and derivatives, as at 31.03.2020

Security Type	Aggregate value of securities in CII's portfolios, UAH M	Share in the aggregate portfolio of CII's securities	Q1 2020 change, UAH M	Change, %
Equities	11 845 979 332.8	34.9%	450 522 381.8	4.0%
Corporate bonds	10 962 000 752.0	32.3%	-2 327 648 459.0	-17.5%
Promissory notes	7 899 407 721.3	23.2%	290 009 369.8	3.8%
State bonds	1 230 002 025.5	3.6%	486 006 870.8	65.3%
Municipal bonds	32 871 246.9	0.1%	21 287 762.8	183.8%
Derivatives	2 017 974 368.3	5.9%	178 426 460.2	9.7%
<b>TOTAL</b>	<b>33 988 235 446.8</b>	<b>100.0%</b>	<b>-901 395 613.6</b>	<b>-2.6%</b>

**The CII portfolio excluding venture funds**, continued to decline in Q1 2020, albeit at a much slower pace: -0.7%, after -13.0% in the previous quarter (partly due to more complete reporting). At the end of March, it was worth UAH 1,773 million. (Table 8).

Equities remained firmly in the lead with 55.3% of the consolidated portfolio of these CII (after 55.7% at the beginning of the year).

OVDPs again took the second position, the volume of which in this fund sector increased by 5.1% (after -36.3%

in Q4 2019). Their weight rose from 19.0% at the beginning of 2020 to 20.1% in March.

Corporate bonds, as in venture funds, in all non-venture CII together decreased in total value, and in the

portfolio of these funds - the most (-6.3%), as a result of which their share mixed in Q1 2020 from 21.1% to 19.9 %.

*Table 8. Portfolio of securities and derivatives of CII, excluding venture ones, as at 31.03.2020*

Security Type	Aggregate value of securities in CII's portfolios, UAH M	Share in the aggregate portfolio of CII's securities	Q1 2020 change, UAH M	Change, %
Equities	980 723 139.9	55.3%	-13 492 953.1	-1.4%
State bonds	356 527 503.7	20.1%	17 382 177.1	5.1%
Corporate bonds	352 660 677.6	19.9%	-23 638 501.4	-6.3%
Promissory notes	63 876 016.4	3.6%	6 389.7	0.0%
Municipal bonds	19 226 105.0	1.1%	7 642 620.9	66.0%
<b>TOTAL</b>	<b>1 773 013 442.6</b>	<b>100.0%</b>	<b>-12 100 266.8</b>	<b>-0.7%</b>

**Diversified CII** in Q1 2020 had a further reduction of its consolidated securities portfolio - by 6.6% (after -9.8% in Q4 2019), which occurred entirely due to government bonds, while packages of other instruments it increased. As of March 31, 2020, this portfolio was worth UAH 62 million. (Table 9).

The total value of OVDPs fell by 21.6% (after -9.5%), and their weight in the portfolio of these funds - from 37.1% to 31.1%.

The share of equities in the stock portfolio of diversified CII, despite some turbulence in the stock market at the end of the quarter, increased from 59.9% in early January to 64.8% in March.

Municipal bonds increased in weight from 2.2% to 2.4%, and corporate bonds from 0.8% to 1.7%.

*Table 9. Portfolio of securities and derivatives of diversified CII as at 31.03.2020*

Security Type	Aggregate value of securities in CII's portfolios, UAH M	Share in the aggregate portfolio of CII's securities	Q1 2020 change, UAH M	Change, %
Equities	40 435 605.8	64.8%	372 794.1	0.9%
State bonds	19 422 200.1	31.1%	-5 359 202.5	-21.6%
Municipal bonds	1 499 404.5	2.4%	11 345.4	0.8%
Corporate bonds	1 051 779.5	1.7%	547 415.6	108.5%
<b>TOTAL</b>	<b>62 408 989.9</b>	<b>100.0%</b>	<b>-4 427 647.4</b>	<b>-6.6%</b>

## **2.7. Rates of Return: CIIs and Other Areas of Investment**

Given the surge in volatility in the stock markets in the second half of Q1 2020, which eventually led to diversified dynamics of two key Ukrainian equities indices between January and March (-7.5% on the UB index and +0.3% on the PFTS index), profitability CII, which invested mainly in stocks, naturally suffered. However, according to the results of the quarter, it even improved, compared to the previous one, in all sectors of CII by types of funds and asset classes (publicly available) and in some of them remained competitive with other areas of investment, with higher liquidity.

Bank term (yearly) deposits in gold were the most profitable instrument due to the sharp rise in the price of

bank metal in January and especially in March, against the background of the transition of a significant part of investors to low-risk assets: these deposits provided +27.6% in Q1 2020 (after -0.1% in Q4 2019), leading the list of popular among retail investors asset classes by profitability in this period. Foreign currency deposits, due to the devaluation of the hryvnia in March, also showed double-digit quarterly income: +21.5% in US dollars (after -2.2% in Q4 2019) and +20.7% in euros (after -1.4%). Deposits in hryvnia, whose rates began to decline significantly in February-March, since the beginning of 2020 brought an average of 4.4% (after +4.3%). In January-March 2020, residential real estate in Kyiv rose



by 19.9% in hryvnia terms, also largely due to the devaluation of the national currency (after -2.6% in October-December 2019).

The quarterly return on CII was on average negative only in two sectors (categories) of funds out of 8 (after 5 in the previous quarter).

Among all categories of CII in general and among diversified and specialized funds with public issue by asset classes in particular, the leaders in terms of rates of return in Q1 2020 were **bond funds**, the average of which was + 5.2% (after + 1.8% in Q4 2019)<sup>11</sup>(Chart 15). At the same time, one of the two such funds, which joined this class at the end of March, had a negative return. Overall, the sector performed higher than term yearly hryvnia deposits, and four of the five CII generated income that at least offset inflation losses.

**"Other" diversified and specialized funds with public issue** in Q1 2020 also showed a significant increase in profitability - up to + 3.7% for four such funds (from + 0.4% for one fund in Q4 2019, a separate result which has increased more than 6 times).

**Mixed assets funds** also improved their average in the first three months of 2020, although it remained negative: -0.3% (after -1.1% in Q4 2019). Among them, 8 out of 20 had positive indicators (40%, after 35% in Q4 2019), one fund was more profitable for deposits in gold and foreign currencies, two - for deposits in hryvnia, 5 - at least offset inflation, 6 had a larger increase in value than the PFTS index, and 19 had a larger increase or smaller loss than the UX index.

**Equity funds** in Q1 2020 again had the lowest results: losses on their certificates averaged -1.0% (after -4.7% in Q4 2019). Among them, half of the funds (two) had a positive return (after two, which accounted for a third in Q3 2019) and showed more growth in the value of their certificates compared to the PFTS index, one - at least offset inflation, and all - had better results than UX indices.

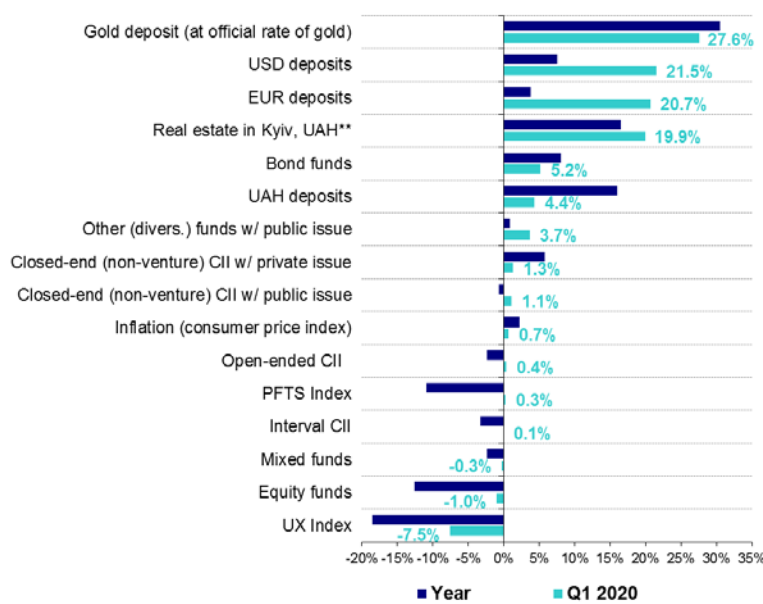


Chart 15. Rates of return – CII, deposits, equity indexes and inflation rates in Q1 2020 and over the past year<sup>12</sup>

Among CII by types of funds and by types of issue in Q1 2020, the highest average rates of return were in **closed-end funds with private issue (ex-venture)**, which received an average of + 1.3% (after + 3.1% in Q4 2019). This sector was the only one where the average rates of return decreased compared to the previous quarter. The range of quarterly results of these funds narrowed and slightly decreased (from -23.0% to + 19.9%), while 13 of the 30 funds showed an increase in the value of their securities for this quarter (43%, after 42% in Q4 2019).

**Closed-end CII with public issue** showed an average of + 1.1% in Q1 2020 (after -1.4%). The range of indicators of various funds in the sector significantly increased and expanded (ranged from -9.8% to + 56.8%), and out of 27 of these CII, the increase in investments was provided by 8 funds (30%, after 32% in Q4 2019).

**Open-ended CII** have averaged + 0.4% since the beginning of 2020 (after -1.4% in the previous three months). The indicators of individual funds of this type varied in a wider range, shifted above - in the range from - 11.1% to + 12.5%. Of the 17 funds in Sector 9, they brought

<sup>11</sup> In order to adequately compare rates of return of different types of investment (types of assets), it is necessary to consider liquidity of CII, in particular, open-ended ones, which allow to exit investments on any working day without loss of profitability, as opposed to fixed-term bank deposits, which mainly involve the conversion of interest income at early repayment of deposits at current accounts (close to zero). At the same time, the calculated profitability of the CII does not take into account the possible commissions and other expenses when entering / leaving the funds. It also does not include taxation of investment income when leaving the fund and taxation of interest on deposits.

<sup>12</sup> CII's rates of return are calculated based on the reporting data for Q1 2019 for 17 open-ended, 15 interval, 68 closed-end CII (including 35 funds with public issue and 33 funds with private issue), and according to the reporting data for previous periods. Inflation is calculated based on data of the State Statistics Service of Ukraine (before the previous month). Rates of return for real estate in USA dollars is calculated as the average of data on value of residential real estate in Kyiv from portals: <http://www.domik.net>, <http://100realty.ua>, <http://realt.ua>; in hryvnia - according to the portal: <http://100realty.ua>.

an increase in the value of their certificates for the Q1 2020 (53%, after 47% in Q4 2019). Three open-ended funds were more profitable this quarter than term yearly hryvnia deposits, 8 were at least offset by inflation and more profitable than the PFTS index, and 16 had better results than the UX indices.

### **3. Summary**

Despite the rapid growth of global and domestic economic turbulence due to the exponential dynamics of the COVID-19 pandemic and, as a consequence, volatility in stock markets in March 2020 and the further decline in industrial production in Ukraine and the world, the Ukrainian asset management industry, including CIIs, generally accelerated growth. It was restored in all sectors of CII by types of funds and types of issue.

**The key trends of the asset management industry in Ukraine in Q1 2020 were:**

- Increase in the number of AMCs and the further increase in the number of registered CIIs and the number of formed ("established") CII is almost entirely due to venture CIFs;
- Growth of the total value of assets and NAV of all CII as a whole and in each individual sector by types of funds and methods of placement, with:
  - The resumption of growth in NAV of open-ended CIIs is mainly due to the net inflow of capital to them, which was the largest in the last 35 quarters (since mid-2011);
  - The first increase in the number of CII investors in 7 quarters - mainly due to legal entities - residents in venture funds;
  - Continuation of the tendency to decrease the weight of resident enterprises in the NAV of all CII due to a relatively weaker increase in their investments compared to other categories of investors;
  - Accelerated growth of total funds of individual investors - residents of Ukraine in CII - mainly in venture funds;

**Interval funds** in Q1 2020 had the lowest, but also improved average yield at + 0.1% (after -1.3% in Q4 2019). The range of indicators of individual funds in this sector also expanded and rose (ranging from -7.2% to + 17.1%). 8 out of 15 such funds showed an increase in the value of certificates (53%, after 47%).

- Growth of total funds of foreign investors in CII as a whole and in almost all sectors, together with an increase in their number - due to corporate participants in the venture sector;
- Further decrease in the weight of securities in the assets of all CII in general and in all sectors by types of funds, in particular - equities and, at the same time, a rapid increase, against the background of a low base, municipal bond packages in some fund sectors;
- Increase in quarterly profitability in all CII sectors by types of funds and asset classes (with public issue) and further increase in the number of sectors with positive returns.

Rates of return of CIIs, which invested mainly in equities, suffered in Q1 2020, following the dynamics of the equity market. However, it was negative during this period only for the class of equity funds, while all other sectors of CII showed, on average, an increase in the value of investments in funds, which include better results than in the previous quarter. They continued to compete with the rates of return of other areas of investment, with higher liquidity.

At the same time, with a significant outflow of the most popular European investment funds, capital inflows to open-ended CIIs in Ukraine resumed, although it also depended on several separate funds and was volatile. The rest of the Ukrainian CII, which invested their funds mainly in OTC instruments, projects, and enterprises - funds with both private and public issue, continued to attract resources from their participants. The most active of them were local individual investors who preferred venture CII.

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**See additional and statistical information on the UAIB website:**

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