



Ukrainian fund industry highlights

Q3 2023:

further contraction of the number of asset managers and funds – but growth of the AuM amid the war, first inflow in the open-ended funds since early 2022

The **full-scale russian aggression and invasion of Ukraine** that started last year reached its 19-month mark in September 2023, with the martial law continuously prolonged. In terms of the wartime regulations, there has been one special prudential (capital) requirement of the key national authority in the capital markets, NSSMC, applicable since 1 January 2023, which substituted the previously imposed requirements until the end of the martial law.

Against this background, **Ukrainian fund & asset management industry** has seen further minor decline in the number of asset management companies and funds, but the vast majority of the local AMCs continued their business, and their assets under management kept growing.

AuM of the ‘established’¹ domestic Collective Investment Institutions (CIIs) rose by 4.6% (in UAH terms) in Q3 2023 and by 11.8% YTD, to reach UAH 598 billion by end September (EUR 15.5 billion, up from 14.3 billion in June). The number of the funds’ reports was almost the same as in Q2 2023.

More specifically:

- **‘Venture’² CIIs** in the corporate form resumed their role as a key driver of the industry in terms of the number of funds: +14 over the quarter; meanwhile, there were even fewer funds in the unit (common, contractual) form in this category (-15). The share of the corporate VCIIs in the total CII number thus grew further to 55.8% (for all venture CIIs, it remained above 93%);
 - total **AuM of the formed venture CIIs grew by 4.7% in Q3 2023**, after +3.7% in Q2 (with the number of reports 0.3% lower than in the previous quarter);
 - total **NAV added 6.7% over the quarter**, after +5.9% in Q2, to reach **UAH 468.7 billion**, with its share in the total Ukrainian funds’ NAV still hovering above 96%;
- Among the sectors of **publicly offered funds³**, open-ended and interval CIIs experienced NAV increase in Q3 2023 while closed-end funds contracted, as in Q2.

¹ Formed funds which have reached compliance with the minimal asset value regulatory requirement.

² 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.

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



Number of the formed CIIs has decreased slightly to 1762 funds at end September 2023 (-2 funds, -0.1%, after -0.6% in Q2)

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

• Total NAV

- **grew by 5.0% in Q3 2023** and transitioned into positive territory YTD: +4.0%; the annual rate was negative, -13.8%, and since September 2021 the NAV fell by 15.1% (including the period from 24 February to 22 August 2022 when the market was closed due to the wartime safeguards);
- amounted to **UAH 152 million** as at end September 2023;
- the NAV growth was mainly due to the market dynamics, although the flow of capital in these funds was also positive;

• Net sales

- **turned positive in Q3 2023 for the first time since the beginning of 2022, albeit remained low: +UAH 0.7 million**, after -UAH 2.5 million in Q2;
- **the annual negative figure** started contracting: **-UAH 38.3 million** at end September, from -UAH 39 million in June;

• Investors

- **Domestic retail investors** retained the bulk of the open-ended funds' NAV, namely 85.2% in September 2023, down only from 85.3% in June; they still comprised more than 98% of all of investors in the sector;
- There were also still **5 foreign investors** (non-resident institutional/corporate and individual ones) in open-ended funds having 6.2% in the sector's total NAV, down from 6.4% in June 2023.

Number of non-resident investors in all CIIs in total was 399 by end September 2023, after 400 in June.

Number of AMCs in Ukraine contracted further from 294 to 285 in Q3 2023

- Out of those, 257 (90%, up from 89% in Q2) remained active and reported on their investment and/or pension funds under management for the quarter, in particular:
 - Almost 99% of them had at least one venture CII under management;
 - Nine AMCs managed acting 16 open-ended funds, and 29 had 75 publicly offered CIIs in total;



- Furthermore, 31 AMCs had 53 pension funds under management, and one managed assets of one insurance company.

Number of non-state pension fund administrators (ANPFs) remained 18 by end September 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 management of AMCs** (53 NPFs) had UAH 2,648 million by end September 2023, having grown by 7.8% over the quarter, by 11.8% YTD and by 14.9% annually;
- while **NPFs under administration of the ANPFs⁴ rose to UAH 2,673 million of assets at end September (+4.8% in Q3 2023, +12.9% YTD, +15.9% annually).**

Insurance Companies' assets under management of AMCs added 7.7% in Q3 2023, 29.1% YTD and 34.6% annually. As at end September, they amounted to **UAH 182 million.**

First part of the full **UAIB Q3 2023** report is available on the UAIB website (in Ukrainian):

<https://www.uaib.com.ua/analituaib/publ-ici-quart/za-3-y-kvartal-2023-roku-zagalni-rezultati>

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

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⁴ 57 III-pillar funds, excluding the NBU's corporate pension fund. The National Bank's of Ukraine corporate NPF, which is managed by the NBU itself, had 43% of the total NPFs' AuM.