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1. Asset Management Industry. General Overview

Number of Market Participants

Asset Management Companies (AMCs)

In Q2 2020, according to UAIB, the number of asset management companies did not change - **297**. During this period, no AMC was either created or liquidated.

At the end of June, 278 AMCs managed between one and 52 funds, and more than 98% of all such AMCs managed at least one venture CII.

Collective Investment Institutions (CII)

In April-June 2020, 50 new CII were registered. Considering the closed funds, as of June 30, 2020, the total number of **registered CII** increased to **1971**, by 2.3% for the quarter.

The number of **CII that reached the minimum assets standard** (formed, "established" funds) increased for the eleventh consecutive quarter - to **1396** (+ 2.9% for Q2).

Non-State Pension Funds (NPFs)

The number of NPFs under management as of June 30, 2020 remained equal to **60** (excluding the NBU corporate fund), including 48 open, 6 corporate and 6 professional funds. A total of 34 AMCs managed NPF assets.

Insurance Companies (IC)

The number of insurance companies that transferred their assets to AMC management did not change in Q2 2020, as did the number of AMCs that provided the following services: as of June 30, 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 2.8%** in Q2 2020 (by 11.3% in the last 12 months) and reached **UAH 377,182 million** at the end of June.

Collective Investment Institutions (CII)

The **total assets of all CII under management**, including those that have not yet reached the standard, also grew by 2.8% in Q2 2020, and by 6.2% since the beginning of the year, to **UAH 375,201 million**. The annual growth in June accelerated to + 11.2%.

As of June 30, 2020, the **assets of existing CII, which reached the minimum assets standard** ("established" CII) ratio, amounted to **UAH 370,998 million**. In Q2 2020, they grew by 4.0%, and in the last year - by 12.7%. Growth was recorded in all sectors of CII by types of funds and methods of placement, except for closed-end CII with private placement (except for venture funds), but again venture funds (+ 4.1% for the quarter, + 13.7% for the year) provided the basis for growth of industry assets.

The **total net asset value of the formed CII** as of June 30, 2020 reached **UAH 289,685 million**. In Q2 it grew by 5.6%, since the beginning of the year - by 10.9%, and for the last 12 months - by 13.7%.

Non-State Pension Funds (NPFs)

In Q2 2020, NPF assets managed by AMC accelerated growth almost threefold to 9.2% (up to 19.9% over the year). As of June 30, 2020, they reached **UAH 1,805 million**.

Insurance Companies (IC)

The assets of the IC under AMC management continued to grow at double-digit rates: + 19.9% for Q2 (+ 69.5% for the annual period). At the end of June 2020, they reached **UAH 157 million**.

2. NPFs Asset Management Market Results

2.1. Number of NPFs and AMC managing their assets

The market for asset management of private pension funds in Q2 2020 generally continued to grow, although the number of its participants remained constant.

The number of companies that managed the assets of NPFs, according to UAIBF on 30.06.2020, was still **34**. These AMCs managed the same **60 pension funds**. Of

these, 32 AMCs continued to manage the assets of 48 open NPFs, 5 - the assets of 6 corporate NPFs and 6 - the assets of 6 professional NPFs (Table 1).

The share of open NPFs in the number of funds under management, excluding the NBU's NPF, in June 2020 was 80.0% (Chart 1).

Table 1. Number of NPFs under AMC management by fund types in Q2 2020

NPF Type	30.06.2019	31.12.2019**	31.03.2020	30.06.2020	Q2 2020 change	YTD 2020	Annual change
Open	45	46	48	48	0.0%	4.3%	6.7%
Corporate	7	6	6	6	0.0%	0.0%	-14.3%
Professional	6	6	6	6	0.0%	0.0%	0.0%
Total	58	58	60	60	0.0%	3.4%	3.4%

**Excluding the corporate pension fund of NBU ** Data include those AMCs that submitted the relevant annual report for 2019 at the time of preparation of these statistics.*

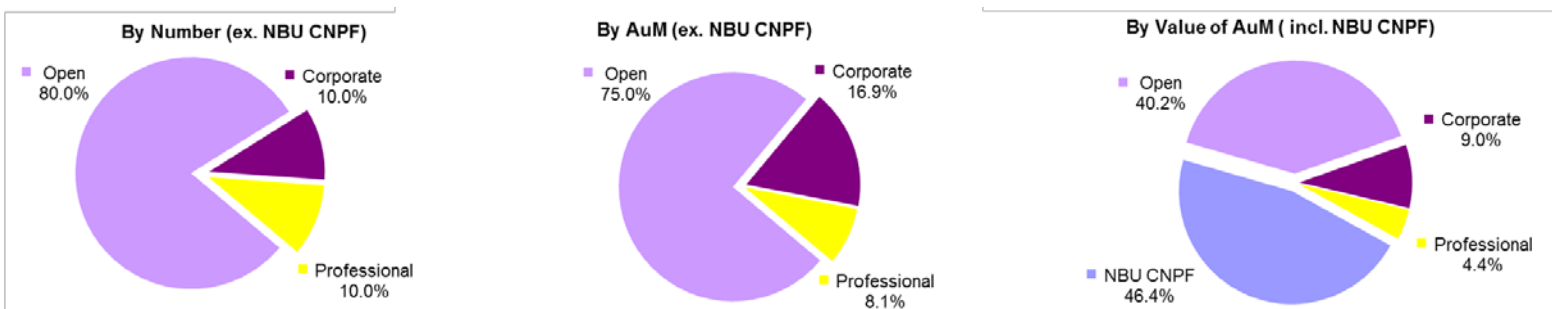


Chart 1. Distribution of number of NPFs and their assets under AMC management by fund types as at 30.06.2020

2.2. NPF assets managed by AMC and total assets of pension funds managed

In Q2 2020, the **total assets of all NPFs under management**, including the NBU NPF, returned to growth and added 8.6% (after -1.2% in Q1) to **UAH 3,373 million**.

At the same time, the assets of the National Bank fund grew less, by 7.8%, which led to a further decrease in the weight of this NPF in the total assets of all NPFs from 46.8% in March to 46.4% in June (Chart 1).

The main contribution to the overall growth in terms of the consolidated portfolio of pension fund assets was made by the increase in the total value of government bonds (OVDPs) by 20.1% (after -7.6% in Q1) to UAH 1,602 million, as well as local bonds - by 133.0%, to UAH 68 million.

Since the beginning of 2020, the assets of all NPFs together have also grown (+ 7.3%), with funds in the AMC management playing a decisive role, while the NBU's NPF has grown insignificantly during this time (+ 1.7%), compensating for losses in April-June. January-March.

The annual dynamics of total pension assets accelerated significantly: + 16.6% at the end of June after + 9.8% in March.

The value of NPF assets managed by AMCs in Q2 2020 increased by 9.2% (after + 3.1% in Q1) and as of June 30, 2020 reached UAH 1,806 million.

In the first half of 2020, these assets grew by 12.7%, and in the last 12 months of June they accelerated to + 20.0% (from + 16.1% in March).

Assets of open NPFs in management added 9.6% in April-June 2020 (after + 4.5% in Q1), which was partly due to a larger number of reports on funds of this type in Q2 (+2 NPFs). At the end of June, the share of this sector of the market in pension assets under management (excluding the NBU CPF) increased to 75.0% from 74.6% in March. As of June 30, 2020, its assets under management reached UAH 1,355 million.

Corporate NPFs under AMC management (excluding NBU CPFs) had an increase in assets under management by 8.9% in April-June 2020 (after 0.5% in Q1). At the end of March, they amounted to UAH 280 million.

Professional pension funds, which had the lowest assets in the management of the NPF sector, once again had the weakest quarterly dynamics: + 4.6% in April-June

2020, after -0.6% in January-March. Their volume as of June 30, 2020 amounted to UAH 147 million.

The largest in terms of average assets under management on 30.06.2020 were again corporate NPFs, the notional average fund of which had about 76 million UAH (after 70 in March), with the same number of existing funds of this type (four).

Among the open NPFs, the number of reports for which in Q2 2020 increased by two - to 48, now there were three - with zero assets (one more than at the end of March). In total, they had an average of UAH 28.2 million at the end of June (after UAH 26.8 million in March).

Professional NPFs, with the same 6 funds in the sector, were still the smallest: the average such fund had UAH 24.5 million in June 2020, after UAH 23.4 million in March.

Table 2. Value of NPF assets under AMC management by fund types in Q2 2020 and its change over the past year

NPF type	30.06.2019		31.12.2019		31.03.2020		30.06.2020		Change of NPF AuM				Average volume of the fund as at 30.06.2020, UAH M
	Assets, UAH M	Number of NPFs reported	Assets, UAH M	Number of NPFs reported	Assets, UAH M	Number of NPFs reported	Assets, UAH M	Number of NPFs reported	Q2 2020 change, %	YTD 2020, %	Annual change, %	Annual change, UAH M	
Open	1 108.8	45	1 180.4	45	1 233.1	46	1 354.6	48	9.9%	14.8%	22.2%	245.8	28.2
Corporate	258.3	6	281.4	4	279.9	4	304.9	4	8.9%	8.3%	18.0%	46.6	76.2
Professional	138.0	6	141.4	6	140.5	6	146.9	6	4.6%	3.9%	6.4%	8.9	24.5
Total*	1 505.1	57	1 603.2	55	1 653.4	56	1 806.3	58	9.2%	12.7%	20.0%	301.2	31.1
NBU CNPF	1 387.8	1	1 540.1	1	1 453.1	1	1 566.7	1	7.8%	1.7%	12.9%	178.9	-
Total**	2 892.9	58	3 143.3	56	3 106.5	57	3 373.0	59	8.6%	7.3%	16.6%	480.1	57.2

** Excluding the NBU corporate pension fund. Data at the beginning of the year did not include NPFs with assets under management of those AMCs that did not submit the relevant annual reports for 2019 at the time of preparation of this statistics.

2.3. The structure of NPF assets in management

In the **structure of NPF assets under AMC management**, the share of securities in Q2 2020 increased from 54.7% to 58.6% (Chart 2). This was due to an increase in the total value of pension funds' investments in stock instruments in April-June by 17.0%, ie twice as fast as the funds' assets.

Relatively the largest investment in securities was added in the total value of corporate funds (+ 31.9%, after -1.0% in Q1), where the OVDPs package increased by almost a quarter, and municipal bonds - by 2.3 times.

Open NPFs (+ 14.5%) also had a double-digit increase in investments in financial instruments - due to investments in bonds state and municipal.

The total value of securities in the assets of professional NPFs under management grew by 9.4% in Q2, with investments in OVDPs making the main contribution.

In April-June 2020, as in Q1, funds on bank accounts (including deposit accounts) increased only in the open funds sector, while in other sectors they decreased significantly.

In general, for all NPF assets managed by AMC, the amount of money for Q2 decreased by 0.7%. Finally, the weight of money in assets under management in this period, in contrast to the previous quarter, fell as a whole - from 42.1% in March to 38.3% in June.

Table 3. Structure of NPF assets under AMC management by fund types as at 30.06.2020,

UAHM

NPF type	Securities	Cash	Bank metals	Real estate	Other assets
Open	766	542	10	27	9
Corporate	188	117	0	0	0
Professional	104	32	0	7	4
Total	1 058	691	10	34	13

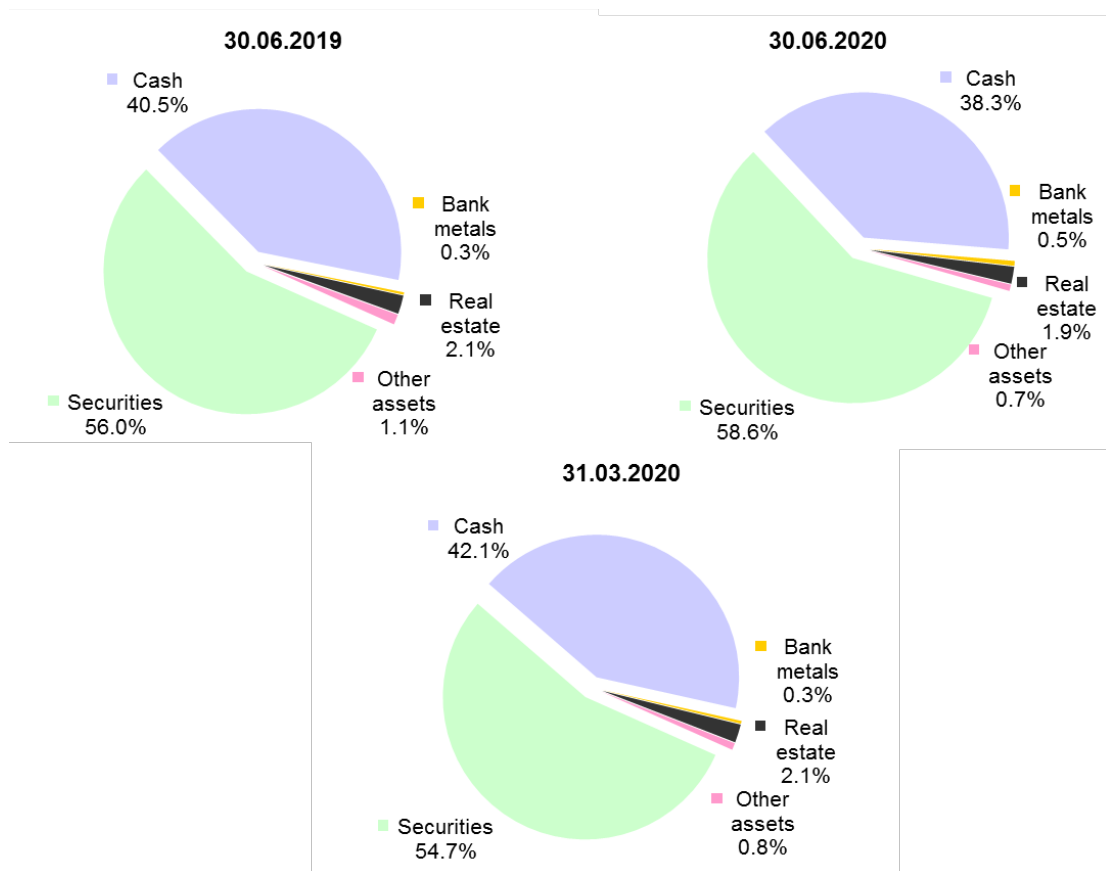


Chart 2. Dynamics of the structure of the aggregated portfolio of NPFs (excluding the NBU CNPF) in Q2 2020 and over the past year

For the entire NPF industry, considering the NBU corporate fund, the weight of securities in Q2 2020 also increased - from 51.4% in March to 57.1% in June. This was not only higher than at the beginning of the year, but also a year ago (57.0%).

This was due to an increase in the volume of assets in stock market instruments by 20.5% (after -8.1% in Q1), while total cash grew by only 2.2% (after + 7.6%). Therefore, the weight of the latter in the pension assets of all NPFs dropped from 42.1% in March to 39.6% in June (Chart 3).

As for the dynamics of various components of assets in securities by type of NPF, investments in **municipal bonds** in open funds increased the most in Q2 2020 (+ 118.1%, after + 41.5% in Q1). Their total volume at the end of June was almost UAH 36 million, which brought them to the third position in the consolidated portfolio of this sector, displacing equities.

Government bonds (mostly OVDPs) again had the largest absolute increase in the value of the consolidated package in the assets of these NPFs, reaching almost UAH 590 million (+UAH 69 million, + 13.3% in

Q2). Among the factors of this growth is the increased attractiveness of OVDPs in this period due to slightly higher rates against the background of the coronavirus crisis, and even in the unfavorable for Ukraine period of the largest payments on public debt. Finally, the share of OVDPs in open NPF assets increased from 42.2% in March to 43.5% in June.

Also, in April-June, the **corporate bonds** portfolio increased by 11.6%. This retained the second largest share among financial instruments in assets under management of this NPF sector: 8.2%.

And only the total value of **equities** decreased by 2.7% (after + 6.6% in the previous quarter), which was in line with the dynamics of key stock market indices in Q2.

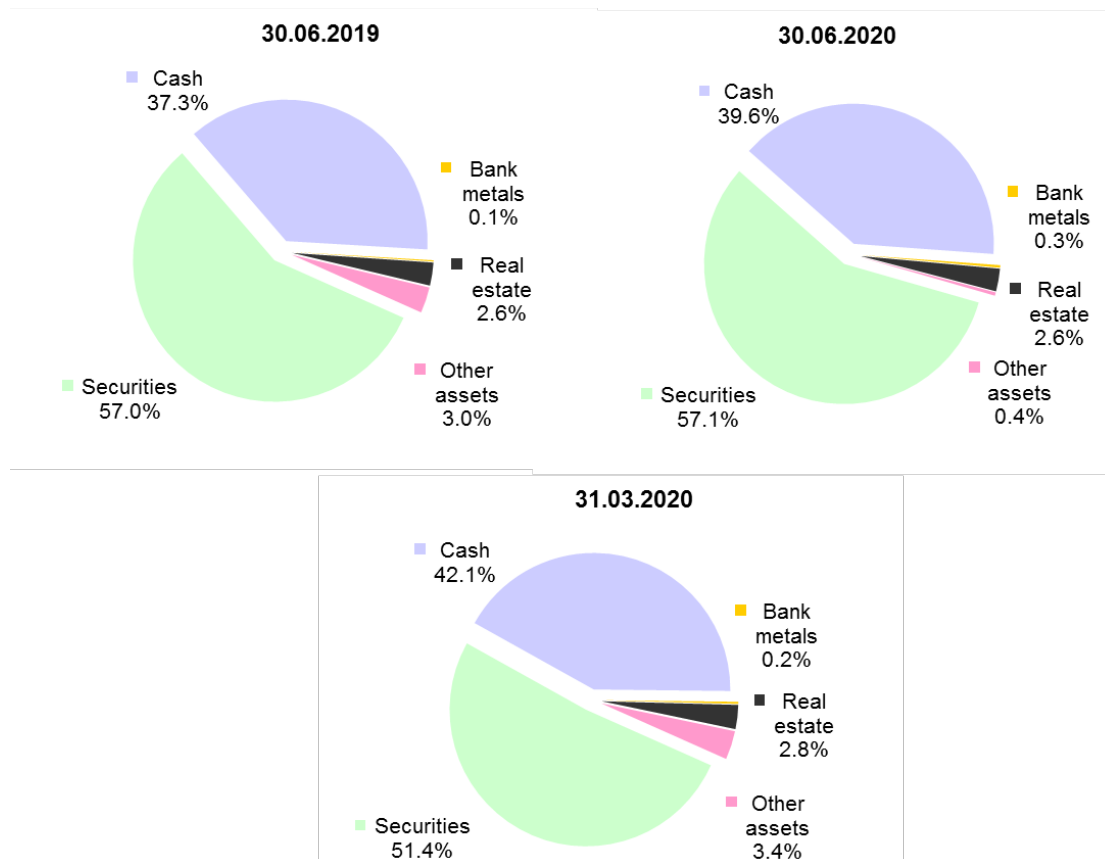


Chart 3. Dynamics of the structure of the aggregated portfolio of NPFs (including the NBU CNPF) in Q2 2020 and for the year

In general, the share of securities in the sector's assets increased from 54.1% in March to 56.5% in June 2020 (Chart 4).

In April-June 2020, investments in securities in corporate NPFs grew relatively the most: + 31.9% (after - 1.0% in Q1). The main contribution to this was made by investments in OVDPs, which increased in total value by 24.5% (after -11.1%).

Also, from the low base, the sector's investments in municipal bonds increased rapidly, doubling their volume (+ 134.1%, after appearing in the sector's assets for the first time in Q1). At the end of June 2020, these instruments were the second after government bonds in the portfolio of corporate pension funds. They lost bonds of enterprises,

the volume of which almost did not change in Q2 - as well as a small stake.

In general, the share of securities in the assets of this NPF sector in Q2 2020 increased from 50.9% to 61.7%.

In professional pension funds, total investments in securities in Q2 2020 increased by 9.4% (after + 0.9% in Q1). The engine of this growth was the investment in OVDPs (+ 10.0%, after + 0.5%). Also, for the second quarter in a row, investments in corporate bonds (+ 1.2%, after + 1.8%) and in shares (+ 0.7%, after + 1.4%) grew.

Finally, the weight of government bonds in pension assets of professional funds rose from 44.3% in March to 46.6% in June, and that of securities in general rose from 67.8% to 70.9%.

Cash and deposits in banks in June 2020 remained the second largest component of assets of all sectors of NPFs under AMC management, although their

weight generally decreased, as noted above, due to a reduction in their volume and growth in securities.

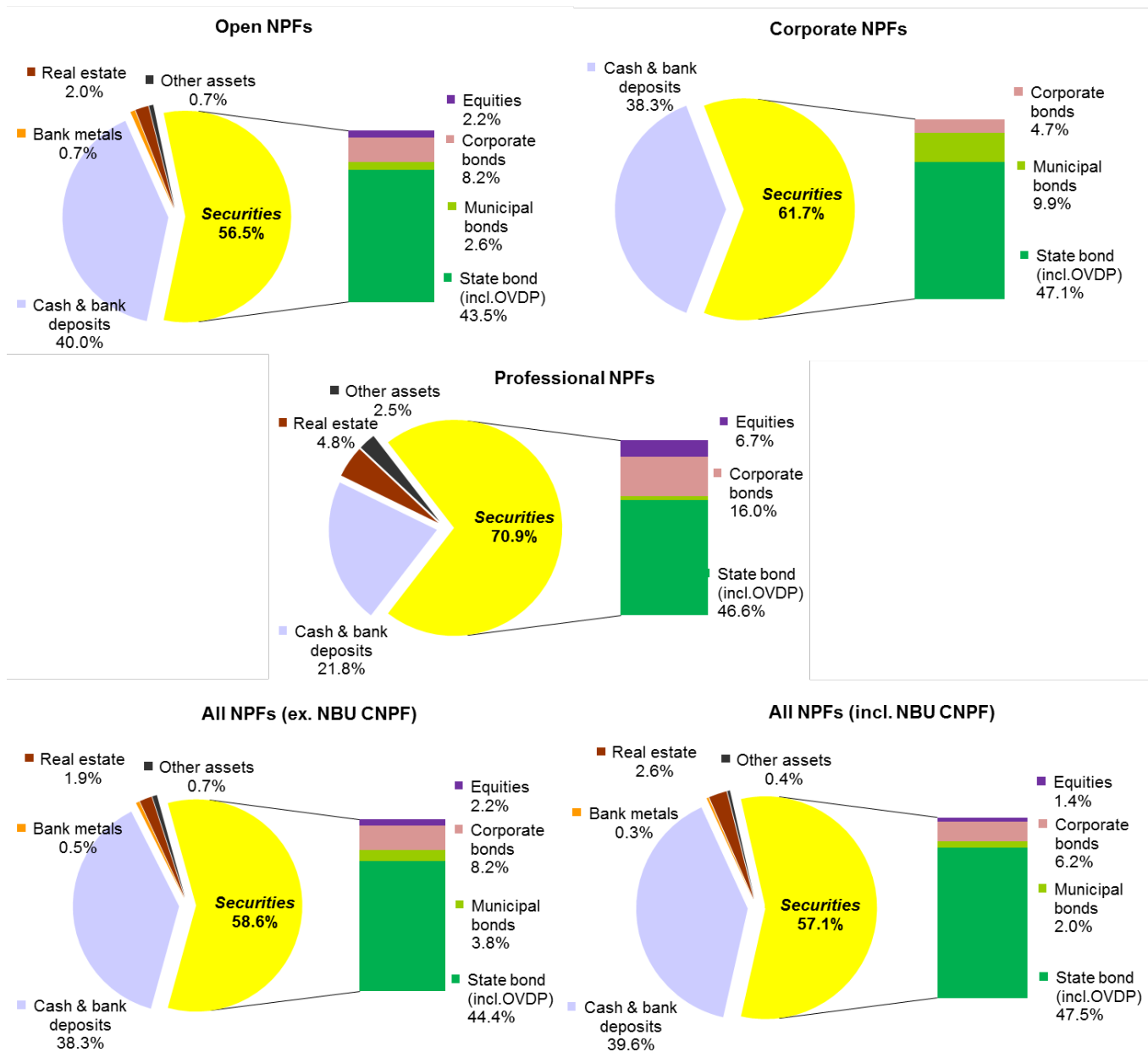


Chart 4. Structure of NPF assets by fund types as at 30.06.2020

By NPF sectors, the volume of cash, current accounts and deposits increased in Q2 only in open funds (+ 3.4%, after + 7.2% in Q1). As this was several times lower than the growth rate of the securities portfolio in their assets, the weight of money in this NPF sector decreased from 42.5% in March to 40.0% in June.

In corporate NPFs, total funds in banks decreased by 15.0% in Q2 2020 (after 0.1% in Q1). With the growth of the assets of these funds in securities by almost a third in this period, this led to a decrease in their weight from 49.1% in March to 38.3%.

The amount of moneys in professional NPFs also decreased again in April-June: -7.2%, after -4.7%



in January-March. Finally, the share of money in the assets of this sector decreased from 24.5% to 21.8% of its assets under management.

At the end of June 2020, only open and professional NPFs still had **real estate** in their assets. Its total value in the assets of each of these sectors for Q2 decreased slightly, given the decline in house prices in the capital by 5% during this time.

In open funds: -0.6% in Q2 (after + 0.4% in the 1st), which, against the background of the dynamics of other components of the sector's assets, reduced the weight of real estate in them from 2.2% in March to 2.0% in June.

In professional NPFs, its total value decreased by 0.8% in April-June 2020, and its weight decreased from 5.0% to 4.8%.

Bank metals in Q2 were still in the assets of only open NPFs under management. Further, albeit slow, growth of the gold price by 3.6% contributed to the continued increase in the total value of investments in the assets of these funds: + 82.3% (after + 6.8% in Q1). Finally, the weight of bank metals in the assets of open funds under management increased from 0.4% in March to 0.7% in June 2020.

See additional and statistical information on the UAIB website:

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